Chances and Barriers for the Prolongation of Working Life
Interaction between State and Company Policies in Poland and Western Germany

A thesis in partial fulfilment of the requirements of the degree of
Doctor of Philosophy in Sociology
by
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Statutory Declaration

Herewith I declare that this dissertation has been written independently and has not been submitted to another University for the conferral of a PhD degree.

Bremen, October 7th, 2009

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The thesis has been written in British English.
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Abstract

That study examines the institutional and organisational determinants of the early exit trend in Germany and Poland and future prospects thereof. It adopts a diachronic time frame (from the 1970s till present) and analyses legislative changes in the field of pension and labour market policy (macro level), changes of individual retirement preferences (micro level) and changes of firm policies with regard to older workers (micro level). The applied methods are qualitative case studies in 31 German and Polish establishments, analysis of policy documents and scholarly literature and secondary analysis of official statistical data.

The results confirm theories which combine rational choice and institutional approaches, as proposed by Mayntz/Scharpf (1995) or Windhoff-Héritier (1991). In particular, firms (and individual workers) slowly adapt to opportunities and restrictions, as well as to normative expectations, set by institutions (e.g. the raised retirement age). However, structural determinants like the situation on the sales and labour market, rationalisation processes and ownership transformations clearly influence when and which adaptation patterns will be adopted.

The cross-national comparison has revealed that differences between Polish and German firms with regard to the effect their personnel policy has on the integration, resp. externalisation of older workers exceed branch similarities across both countries. That can be explained with the country-specific national and sectoral institutions which create restrictions and opportunities for firm behaviour, and with socio-economic constraints.

With regard to institutional determinants of early exit, Germany is better positioned than Poland and is more likely to further raise the employment rate of older workers.
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LIST OF ABBREVIATIONS

ATZ – Altersteilzeit (early retirement scheme, 1989-2009)
CEEC – Central and Eastern European countries
CEO – chief executive officer
CFO – chief financial officer
DRV – Deutsche Rentenversicherung Bund (public pension scheme for blue- and white-collar workers)
FUS – Social Insurance Fund
GUS – National Statistical Office
HRM – human resources management, human resources manager
IG Metall – Trade Union of the Metal-Working Industries
IKE – individual third-pillar pensions
KRUS – Farmers´ Social Insurance Scheme
LFS – Labour Force Survey(s)
NGG – Trade Union of the Food and Catering Industries
PAYG – pay-as-you-go pension scheme
OFE – open-ended pension funds (second pillar)
PPE – occupational third-pillar pensions
SME – small and mid-sized establishments
TU – trade union member, shop steward
VR – Vorruhestand (pre-retirement scheme, 1984-1988)
WCM – works council member
ZUS – Social Insurance Institution
1. Introduction

In many Continental European countries, a trend towards earlier exit from the labour market has established itself. In line with this trend, the last decades have witnessed a drop in activity rates and employment rates of persons at the age of 50 years and more. (In the following, that group of workers will be treated as ‘older workers’ in line with the delineation of national „50 plus” programmes.) Those indicators have gone up again in the recent years but still remain at a low level.

Poland and Germany are not spared from this development. In Poland between 1992 and 2006, the factual retirement age has dropped on average by 0.4 years – which is not very much, but occurred from an already low level. In Germany, the age of take-up of an old-age pension reached the lowest point in 1998 (62.5 years, a drop by already 1.8 years when compared to 1970) but has risen afterwards. The low retirement age is reflected in low employment rates. In Germany, the employment rate of people aged 55 to 64 has dropped between 1970 and mid-nineties, most pronounced in the age range 60-64 years. Since 2000, however, employment rates of all older workers (with the exception of 50-54-year-old men, as will be shown in section 3.2.) have been on the increase, which is inter al. the result of the paradigm change with regard to pension policies. Among 50-54-year olds, a rise in employment rates is visible since 2004.

Social policy reforms in Poland and Germany have addressed the drop in employment rates and the exit age from the labour force. An investigation of the effects of those reforms, as my work intends to accomplish, is interesting as it might answer the question why there was a stop to the downward trend in employment rates and the average retirement age in Germany, while in Poland, only the employment rate of the 50-54-years olds has risen upwards in the last years. The effectiveness of those policies, and as a result, the reversal of the early exit trend, is in the vital interests of the social security systems in the two countries, of the national economy, and of the workers concerned.

Firstly, the early exit trend has developed against the background of rising life expectancy and rising healthy years in life, thus placing a financial strain on national pension systems and contributing to the increase of labour costs. Secondly, the demographic changes will lead in the middle run to a decrease of the labour force in European countries, which will necessitate companies to more effectively use the available workforce, including
older workers, and to preserve their workability\(^1\) in health and qualificatory terms. And thirdly, early exit alienates older persons from the labour market and from productive life, thus placing constraints on ‘active ageing’ understood as “the capacity of people, as they grow older, to lead productive lives in the society and the economy” (OECD 1998: 84).

For those reasons, the European Council addressed the activation of older workers at the Stockholm and Barcelona Summits in the years 2001 and 2002 and set targets that should be reached by EU member states by 2010 (EC 2004b). According to those targets, the employment rates of the 55-64-year-olds shall reach 50 per cent (Stockholm target) and the age of exit from the labour market shall climb by five years (Barcelona target).

In the study, I shall concentrate on the effects of social policy reforms in Germany and Poland on the labour market attachment of older workers. The study will deal with the chances and barriers for a prolonged working life in Poland and Germany. I understand the concept of ‘prolongation of working life’ in line with the Stockholm and Barcelona targets as continuation of employment until reaching the standard retirement age valid in the given country. Prolonged employment of workers past standard retirement age, however seldom a phenomenon that is in Germany in Poland, would also classify as ‘prolongation of working life’.\(^2\) I will inquire which factors have brought about the drop in activity and employment rates of persons aged 50 years and more starting from early till mid-1970s, a period when the first options for early retirement were introduced in Germany and Poland. The analysed determinants will be pension and labour market policies of state actors, labour market development, structural and sectoral changes in the economy, education system and educational attainment, demographic developments, health status, individual retirement preferences and collective bargaining. The main focus will be on state policies in the field of labour market and pensions, on policies of social partners, and on individual retirement preferences.

Prolongation of working life does not solely depend on the institutional framework, the policies of the state and social actors, the situation on the labour market and on retirement preferences. The decision whether to hire or to fire an older worker is made at workplace level. The core part of my work will thus deal with the ‘black box’ of company policies – how the decisions on recruitment are made; whether the working conditions are in line with

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\(^1\) A term invented by Ilmarinen (also written ‘work ability’) which denotes the ability of workers to perform their work. It describes the interdependence between the cognitive, emotional and health resources held by the worker and the working conditions (Ilmarinen 2005).

\(^2\) Another meaning of ‘prolongation of working life’ is connected to an earlier entry age on the labour market. However, this will not be the topic of this work.
the workability of older workers; how the regulations of hiring and firing, further training
and health management affect the chances for continued work; how managers deal with
older workers with regard to dismissals, lay-off and other cases of termination of the work
contract; and what role the workplace representatives (works councils or shop-level trade
unions) plays in those respects. The goal of my analysis, and of the comparison between
Germany and Poland, will be to find out which (corporate and public) policies for the
prolongation of working life work, and in what context.

I will approach those questions with the help of qualitative expert interviews with
representatives of the management and the workforce in about 30 Polish and German
companies and with the study of collected material on those enterprises (collective and
works council agreements, personnel statistics, company reports et al.). Additional
qualitative interviews with public officials and chairpersons of trade unions and employers´
associations in Germany will support me in the analysis of results.

Besides of the question related to past developments, in my work I will pose a question
directed into the future – What chances and barriers are there for a reversal of the trend
towards early exit ages in Poland and Germany? In order to answer that question, I will
analyse developments at the statutory, collective bargaining and firm level which have an
impact on recruitment, continued employment and labour market exit of older workers.

I proceed on the assumption that the labour force participation of older workers and the
exit from the labour market depend on a complex arrangement of institutional, socio-
economic and firm-based factors. The trend towards early exit will only be reversed if
respective statutory measures, especially in the field of pension policy, are translated into
firm behaviour. A comparison between Germany and Poland and a diachronic time frame
(Gerring 2001: 222-5) are best suited for my research question. This approach allows for a
detection of a national pattern of internalisation and externalisation of older workers. It is
also useful for analysing what patterns of state and firm-level (retirement) policies are
beneficial or detrimental to the prolongation of working life.

The idea for my study was sparked by the project “Active Ageing – Chances and
Barriers for Active Ageing Policies in Europe“ which was financed in the years 2003-2005
by the European Commission.³

³ Reports written by me and my colleagues within that project can be found on the website www.iccr-
international.org/activage/.
Germany and Poland were chosen as comparative cases because the early retirement trend developed in the same period in both countries and in both countries, attempts at reverting this trend were undertaken since the mid-1990s, but with divergent outcomes – while Germany has accomplished the Stockholm target in 2007, Poland ranks second-last (EC 2008: 32). As regards the average retirement age (not: average exit age from the labour market), in Germany, it underwent an U-shaped development since the 1970s and was 63.4 years in 2006, while in Poland, it has experienced a downward development since 1978 and is stagnating since 1992 at a low level (56.6 years).4

I was interested in the reasons for the divergent development with regard to the employment rate and the average retirement age in both countries across time, what chances there are that policies for the prolongation of working life will be more successful in the future, and what policies work in which context. Another research interest concerned the role of companies for arriving at those results.

Several moderators may account for the divergent development in Germany and Poland.

Poland represents an economic system transforming from plan to market, which resulted in a rapid change of power structures in companies in the process of commercialisation5 and privatisation, in firm closures and divisions, while Germany represents a stable market economy. Consequently, firms in Poland were forced to quickly adapt to new conditions of competition, productivity, privatisation and the need to reduce personnel. Moreover, job profiles in Poland were subject to large changes – demand for unqualified labour was falling, former knowledge was devalued and workers had to develop a new work morale (Socha/Sztanderska 1991: 2; Wiśniewski 2002: 323, 334). What follows, are lower chances for older Polish workers to reach the standard retirement age on the job.

A similarity between both countries is the long-term trend towards higher unemployment rates. In Poland, this development originated from the systemic transformation. In Germany, a starting point for the rise in unemployment rates was the reunification and the job losses in the secondary sector. An important difference between Poland and Germany is the intensity of those changes. In Germany, the unemployment rate was slowly rising after unification to reach the peak in 1997 with 9 per cent. In Poland, unemployment rates were rising quickly after the transition with a peak of 19.5 per cent as

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4 At the time when I started my study in 2004, the halt to the downward trend in employment rates of older workers in Germany was already visible but not how it will develop in the medium term.

5 Commercialisation is the transformation of state-owned companies into ‘one-person companies of the Treasury’, the pre-stage before privatisation.
of January 2005. I therefore argue that the conditions for an activation of older workers are more favourable in Germany than in Poland.

In both countries, opportunities for early retirement were installed in 1970s and 1980s and were soon after accepted and utilized on a great scale, bringing about the early exit trend which is typical of European countries. The motives behind the introduction of early exit options were different. While Germany pursued the issue of humanisation of work (early 1970s), the Polish legislator endeavoured to reduce the labour supply and to ensure the loyalty of workers of special interest for the national economy. The motive behind the extension of early retirement rights in early 1980s was to pacify Poles during times of martial law.

The activity rates of older Poles have fallen markedly since the 1970s due to targeted policy of de-activation pursued by the state and due to the downturn of industry and agriculture where a large share of them was employed. The policy of de-activation of older workers was in Germany jointly pursued by the state, the employers and trade unions. In Poland, the state was the main policy-maker, as employers are rarely organised and trade unions were established only during martial law. In the preparations for the grand pension reform of 1998-99 in Poland and in subsequent negotiations on bridging pensions, trade unions emerged as proponents of an early de-activation, just as is the case with their German counterparts.

With regard to the model of industrial relations, Germany and Poland take distinct values. Schroeder (2000: 36) locates the „political power centre of country-specific multi-level systems“ in Germany at the meso level. He argues that employers’ and employees’ associations are powerful but becoming less important, companies have medium but increasing importance, the state defines the framework of action and collective agreements have high but diminishing impact. In contrast, in Eastern European countries, the state is the main player in industrial relations (Schroeder 2004). The state is responsible for the process of privatisation and for the compliance with EU norms, and sets rules guiding the performance of market actors, e.g. defines the minimum wage. Companies are gaining in power in the process of privatisation. They are the main sparring partner for trade unions, as employers’ associations mostly exert lobby functions and are seldom engaged in collective bargaining. However, trade unions have lost ground in industrial relations (in distinction to socio-political issues) after the transformation (EC 2004c: 18). Schroeder (2004) therefore asserts the tendency towards barring collective agreements and pushing working conditions
under the factual minimum standards. I would assume this occurs especially in private, greenfield investments with foreign capital.

For the subject of my work, that entails that in Poland the state has the power to develop early exit options or to close them. In distinction to Germany, trade unions do not have impact on those regulations, and companies do not have leeway in legal and financial terms to develop firm-based early exit options. In Germany, trade unions are proponents of a shorter working life (von Winter 1997: 177ff; Keller 1997: 207ff). Given the importance of branch-level agreements, this poses worse chances to reverse the early exit trend than in Poland. However, on the other hand, trade unions in Germany are proponents of ‘humanisation of work’ and the improvement of working conditions, therefore the assessment of their impact on the prolongation of working life can at best be equivocal. The same applies to the impact of workplace representation, which is higher in Germany due to the institution of co-determination.

Both countries attempted to stop the trend to early retirement with the help of curtailing early retirement options, lowering the replacement ratio, and raising of retirement ages. However, not always did the attempts take the form of laws. In Poland, the plan to abolish early retirement privileges and to equalise retirement ages for both genders was stopped by trade unions and conservative parties. It can be observed that also in Germany, state actors back off from plans to cut early retirement options under unfavourable economic conditions. Half-hearted attempts at cutting back early exit incentives were undertaken in Germany in 1996, but failed due to the break of the inter-party consensus on welfare retrenchment. In the same year, the early retirement scheme in the blocked model was introduced which created a further pull factor. In Poland, the large unemployment in the post-transition period gave rise to early old-age pensions in cases of dismissal. The financial strain on social security measures was noticed in 1997 and the old-age pension was replaced with cheaper pre-retirement benefits and allowances. Thus, as in the case of Germany, first attempts at curtailing the trend towards early exit were undertaken in mid-1990s, but has had a limited effect on retirement transitions.

Active labour market policies for older workers were instituted in both countries only in early years of the current decade. With regard to passive labour market policies, both countries grant older unemployed more favourable treatment, both in terms of benefit level, activation demands and entitlement conditions.

6 Although trade unions in Poland are indeed supporter of a lower retirement age and preservation of branch privileges (Orenstein 2000).
National opinion polls reflect the development of retirement preferences in both countries. In Poland, retirement preferences have changed back and forth between 1999 and 2003. Between 1999 and 2002, the idea of a lower retirement age for men and women than the current statutory retirement age has become less popular, only to regain ground in 2003 (CBOS 2007: 4). Quite differently, Germans seem to have adapted their individual plans to changed statutory retirement conditions (Engstler 2004: 10). I therefore suspect that also future legislative measures to prolong working life will meet with greater acceptance in Germany than in Poland.

2. Theoretical and Methodological Approach

The decision whether older workers achieve high employment rates and exit at the standard retirement age can be studied at national level, at firm level and at individual level. The decisions and outcomes at firm level are visualised in Figure 1. The models are based on the framework of actor-centred institutionalism (Mayntz/Scharpf 1995; Scharpf 1997).
The main actors making decisions within the firm are the management and employee representatives (works councils in the German case, usually shop-level trade unions in the case of Poland). Their actions are influenced by the institutional framework (see Table 1), by informal institutions (inner-firm factors such as firm culture and “ceremonial rules” of action (Meyer/Rowan 1977), individual retirement preferences and role models for older workers which have the character of informal institutions), and by socio-economic conditions on the labour market (demography, unemployment, sectoral division of labour).

The formal institutional setting pertaining to retirement and employment can be divided into the following spectrum of policies (Table 1):
### Table 1: Crucial pension and labour market incentives and disincentives in Germany and Poland

<table>
<thead>
<tr>
<th>Positive incentives</th>
<th>Negative incentives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>labour demand side</strong></td>
<td><strong>labour supply side</strong></td>
</tr>
<tr>
<td>externalisation (keeping older workers from the labour market)</td>
<td>59 rule, pre-retirement (Vorruhestand), early retirement scheme (Altersteilzeit)</td>
</tr>
<tr>
<td>labour supply side</td>
<td>seniority pensions, old-age pensions for the severely handicapped; pre-retirement benefits; seniority pensions for women, early retirement pensions for workers performing work of ‘special character’ or ‘under special conditions’ (substituted for some groups of workers with ‘bridging pensions’ since 2009)</td>
</tr>
</tbody>
</table>

| internalisation (integration of older workers on the labour market) | labour demand side | wage subsidies for firms, exemption from contribution to unemployment insurance, qualification subsidies, broader opportunities for fixed-term contracts, 1-Euro jobs for persons above 58 for 3 years; intervention work of longer duration (2-4 years) and with partial refunding of labour costs | dismissal protection (loosened in favour of ‘top performers’), seniority payment, downgrading protection, §147a SGB III (abandoned), anti-discrimination legislation; anti-discrimination legislation, dismissal protection prior to retirement (extended from 2 to 4 years) |
| labour supply side | wage subsidy when taking up a lower paid job (until 2008), opportunities for combining work and drawing a partial pension, opportunities for part-time employment, rehabilitation measures; increase of earnings to the level of minimum wages, opportunities for combining work and drawing a partial pension, training pensions for people threatened by permanent work incapacity, rehabilitation measures | lowered criterion of what jobs are ‘bearable’ for job-seekers, shortened period of receipt of the earnings-related unemployment benefit; restrictive rules for granting disability pensions; increase of retirement ages, pension deductions in case of early retirement; restrictive rules for granting disability pensions and for pre-retirement benefits; dismantling of early retirement pensions for women and for younger workers from certain professions; new pension system which honours longer contribution periods (phasing in) |

Source: original idea adapted from Offe/Hinrichs (1984: 81-82); own additions, updating and extension to Poland (text with grey background).

The institutional framework of employment and retirement is filtered at the workplace level (Elster 1979: 112-117) and exerts an impact on the individual worker (Fig. 2).
Figure 2: Decisions and actions with regard to early/late exit made by the individual

The individual worker does however not only react to decisions made at firm level but makes decisions on his/her own which, in turn, influence the firm’s decisions (via perceived retirement preferences and willingness to work, as depicted in Fig. 2 and 3). The worker decides whether to stay on the job in the framework of ‘pushing out’ exerted at firm level, the retirement incentives or available alternative exit pathways enabled by the institutional setting, and his/her individual motives for staying on the job (e.g. work ethos), or whether to ‘jump out’ (e.g. due to a high value of leisure).

2.1. Explanations at Statutory Level

The state (inter al. the legislator, the government and courts) is an active actor in the field of early exit. E.g., in EU countries, governments supported the development and utilisation of early retirement schemes during labour market downturns, so the decision was not made by the companies alone (Hinrichs/Aleksandrowicz 2005: 4). For my analysis, a broader analytical framework is therefore needed, which encompasses not only firm and
labour market factors but which broadens the view to institutional determinants. I will assess macro and combined micro-macro approaches to that issue.\(^7\)

The **institutional theory** postulates that institutional structures are not only a neutral scene for (political) actors but also entities which set opportunities and restrictions (Keck 1991: 37). Personnel policy is understood as the result of organisational endeavours to satisfy the requirements and expectations of the environment, which specify how personnel policy should look like (Walgenbach 1998: 267). Personnel policy (and organisational behaviour in general) is, unlike in economic theories of the organisation, understood not as sheer reaction to an internal or external situation or as the expression of profit-maximising strategy or efforts towards greater technical efficiency. The economic view on personnel policy reduces it in the opinion of Walgenbach (1998: 268) to the outcome of managers’ rational acts, influenced by the expectations of employees, whereas the interests and normative expectations of customers, subcontractors, external financiers and of the society in general are neglected. The expectations and interests of those groups are difficult to deal with as they often contradict each other and are also inconsistent with the interests of the managers; therefore sheer profit-maximisation is not possible. Institutions exert impact on personnel policy and on organisational behaviour not for reasons of greater efficiency but because of their binding character and legitimacy (ibid: 276). It locates the central decision organ at the societal macro level – instead of the managerial micro level.

With regard to my research topic, the institutional approach is very useful. It helps to explain when and why firms will react positively to changed pension rules. Not only those rules exert impact on personnel policy but likewise do related expectations of employees or customers. With regard to retirement age, the expectations of employees often contradict the expectations of the legislator. The theory helps to explain which institutional factors influenced what changes in personnel policy.

However, I do not agree with Walgenbach’s (1998: 276) assertion that organisations, and managers as their representatives, adopt certain practices not because of their efficiency, but because the institutions require them to do so. To take one case in point: The considering of fair trading principles and inclusion of ecological food in trade is brought

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7 I understand institutions in the narrow sense denoting “systems of rules that structure the courses of actions that a set of actors may choose” (Mayntz/Scharpf 1995: 38). This concept includes both legislative rules (formal institutions) and sanctioned social norms (informal institutions). Due to the narrow institutional concept, organisations can be clearly distinguished from that as “social systems or social entities, not only with regard to the organisational aspect, but also as the complex of planned, unplanned and unintended social processes, which take part within or in relations to other, surrounding systems”, or as “an association of people for the pursuit of common interests” (Hillmann 1994: 638; own translation).
about by profit considerations in the first place and social norms matter insofar as they influence the purchasing behaviour of customers. Most likely, those two factors are intertwined: If companies comply with social expectations and norms, they are recognised as a ´good practice´ company and visited by a higher number of customers. If, on the contrary, companies do not respect those expectations, they run the risk of being listed in the „Black Book of Brand Corporations”. Moreover, firms have sometimes to choose between different efficiency considerations. E.g., firms may pursue their economic interest even if they run the risk of sanctions by state actors. An example is the frequent bypassing of the former § 147a SGB III in Germany, which ultimately had led to more leniency of the state actors towards companies shedding their workforce (Teipen 2003: 88-9).

Because of those restrictions of the institutionalist approach, I lean towards a combination of rational choice and institutional theories, as has been employed by Mayntz/Scharpf (1995), Scharpf (1997) or Windhoff-Héritier (1991). That framework is labelled ‘actor-centred institutionalism’ (Scharpf 1997, Mayntz/Scharpf 1995), ’rational choice institutionalism’ (Thelen 1999) or given some other names depending on the researcher (Scharpf 1997: 36). While institutionalism locates the central decision organ at the societal macro level, actor-centred institutionalism stresses that partial power still remains with the organisations. Scharpf (1997: 36) justifies the combination of actor-centred and institution-centred models with the realisation that policy processes cannot be analysed by institutional or rational-choice theories alone as that would reduce the analysis to one dimension.

Scharpf (1997: 38) understands institutions in the narrow sense of “systems or rules that structure the courses of actions that a set of actors may choose”, e.g. formal legal rules – in my case, collective bargaining law, labour law, pension law, company law – as well as “informal rules, norms, conventions, and expectations” of a normatively binding character. The role of institutions is to delineate “the feasible set” of choices. Mayntz/Scharpf (1995: 43) delimit their concept from classic institutionalism with the fact that their framework does not view institutional influence as deterministic and recognises influences of collective actors upon institutions. Moreover, actor-centred institutionalism includes also non-governmental institutions in the observation.

The actor-centred institutionalism developed by Mayntz and Scharpf (1995) fits my idea of the interactions between actors in the field of pension and labour market policy. Following this approach, I view institutional factors (first and foremost the system of old-
age security and the changes therein as a result of pension reforms) not as determining variable but as factors which influence and are themselves influenced by firm behaviour. On the one hand, institutional regulations set the frame within which firms can take action on issues pertaining to older workforce and early retirement. E.g., German firms can use the expiry of the early retirement scheme (Altersteilzeit) as an opportunity to introduce age(ing)-friendly working conditions. Firms can also thwart the plans of the legislator and develop firm-based early exit options. On the other hand, the legislator can make allowances to firms which are shedding labour due to economic reasons. Such a situation occurred in Poland in the 1990s. As result of adjustment to market economy and in preparation for privatisation, firms conducted mass layoffs and were supported by the legislator which introduced early retirement ‘due to economic reasons’. This way, firms as actors exerted influence on the institution of old-age security.

Windhoff-Héritier based her approach on Elster’s (1979: 112-117) ‘two-filter model’. The model views human behaviour as the result of two filtering processes. The first filtering process is determined by structural constraints; it “cuts down the set of abstractly possible courses of action and reduces it to the vastly smaller subsets of feasible actions” (ibid: 113).

The second filtering process is a rational choice between those subsets. In distinction to Elster’s model, Windhoff-Hérîtier (1991: 39) stresses that “political actors themselves create the institutions which in turn constitute political constraints”. Moreover, institutions “set restrictions, but at the same time they offer opportunities” and restrictions are not deterministic but create a space within which strategic action can happen (ibid: 40, 41). The focus of Windhoff-Hérîtier’s (1991) observation is the development of political institutions.

I will use the actor-centred institutionalism of Mayntz and Scharpf (1995) as a broader approach, on which my model of interrelations between actors at national level is based (Fig. 3 in section 3.1.), and the approach of Windhoff-Hérîtier (1991) as an embedded model and as basis for my model of firm agency (Fig. 1) and individual agency (Fig. 2). In difference to Windhoff-Hérîtier (1991: 39), I do not observe the two-way relations between political institutions which constitute restrictions and which themselves “originate in the individual choices of man”, and extend my analysis to corporate actors.

Based on the combined institutional and rational choice approaches and the firm-structural approach (presented in section 2.2.), which recognise the role of the firm in the utilisation and externalisation of the workforce and in the setting of framing conditions for preserving work capacity, I derive **hypothesis 1**: If the institutional context changes and,
concomitantly, the related opportunities and restrictions for firm behaviour change, the firms adapt their personnel policy strategies accordingly.

**Operationalisation:** Because I do not have representative data on that subject, I will analyse at macro level whether the changed incentives in the retirement system have brought about a rise of employment rates of older workers and in the exit age from the labour force. At micro level, I will analyse whether the firm has translated the legislative regulations into works council agreements at firm level and into actual policy, and how this has influenced the exit patterns of the firms´ workers (as far as statements and data provided by interview partners will allow). However, my study is **not** about showing which factors have the greatest explanatory power for early exit, but how institutions and corporate actors interrelate, how institutions influence corporate strategies and how the deliberation procedure is structured at firm level. I will furthermore show how corporate actors reacted to the changed institutional framework of early exit, recruitment and retention of older workers (e.g. changed rules for the selection of workers for dismissal in Germany, worsened conditions for the receipt of the pre-retirement benefit in Poland).

A historical institutionalist concept which is useful for the study of pension systems is the **path dependence approach** (Pierson 2000; Myles/Pierson 2001), which draws on the theory of institutional change developed by North (1990) and adopts it to the study of political institutions. In the light of the path dependence concept, history matters. Institutional change is pre-determined because of positive feedback and increasing returns enjoyed when following the chosen path – “*each step along a path produces consequences which make that path more attractive in the next round and raises the costs of shifting to an alternative path*” (Myles/Pierson 2001: 312). With regard to pension reforms, this means that the path along which a certain institution has developed defines the tracks along which it may evolve in the future and accounts for its stability. Thus, the costs of shifting to a pre-funded scheme are especially high for mature PAYG pension schemes due to the double payment problem.

The path dependence thesis (Myles/Pierson 2001) substantiates **hypothesis 6:** In both analysed countries, the institutional context and the personnel policy of firms will rather hinder a reversal of the early exit trend and the increase of activity rates of older workforce than facilitate such a development. In Germany, which has partly
fulfilled the Stockholm criteria, there will be fewer barriers to a continuance of the reversal of the early exit trend than in Poland.\(^8\)

Adapted to my study, the path dependence thesis entails that institutional regulations on old-age pensions, disability pensions and labour market policies in both countries proceed on a certain path and have created beneficiaries which renders a dismantling of those policies difficult. However, as Germany has for a longer time made endeavours to reverse the early exit trend (first starting in 1992, which was however counterbalanced by the introduction of ATZ), and as it has already reached the Stockholm target, I assume that it will be easier for Germany to proceed on that path further than it will be for Poland, which has not yet made much progress towards that target.

The second part of the hypothesis (regarding personnel policy) is based on the neo-classical labour market theory and the concept of alternative roles, which postulate particular employment problems of older workers (see section 2.2.). Moreover, literature shows that companies with a higher percentage of older workers consider them as more capable than younger workers (Bellmann et al. 2003: 143). Possibly, once the firm has learnt to deploy older workers in line with their capacities and generates positive returns this way, it continues on that track.

**Operationalisation:** Based on the results of my analysis of developments at institutional and at organisational level, I will provide an outlook into the future. The first part of the hypothesis will be supported if two conditions are fulfilled: 1) For both countries, there will be the more institutional inhibitors than facilitators to the prolongation of working life, and 2) Germany will have more facilitators than inhibitors than Poland. The second part of the hypothesis will be supported on condition that the personnel policy of Polish and German firms does not allow a prolongation of working life, but the position of older workers in that respect is better in German firms.

Besides of formal institutions (the industrial relations system, labour market laws and related benefits, pension policy laws and benefits, legalised rules in general), **informal institutions** play a role in the framework of early exit. Those are
- expectations and interests of employees, subcontractors, customers, financiers, the society in whole, social partners (Walgenbach 1998),

\(^8\) The hypotheses are not numbered in chronological order but in an order following the original conceptualisation.
- retirement ages/age limits (Kohli 1988; Rosenow/Naschold 1994: 263),
- life styles pursued by persons in pre-retirement age, which depend on national settings, the economic situation and health status (Szatur-Jaworska 2006: 61ff),
- opinions on what life style is appropriate and feasible for an older person (disengagement vs. activity theory),
- social norms – early exit has been accepted by workers and employers as a right or normality (Casey 1998: 20-21) and related retirement preferences,
- practices and unwritten norms of action (e.g. norms of ‘socially acceptable’ labour shedding meaning that persons with alternative income sources are selected, social pressure by co-workers to make room for the young),
- cultural norms (e.g. economic culture, work ethos).

Those informal institutions can be viewed as cultural factors. Sorge (2004) relates culture to a “mental program” and institutions to “system characteristics” (ibid: 121). Other authors do not draw dividing lines between culture and institutions (e.g. Heidenreich 1991).

In my work, I will take into consideration informal institutions as explanatory variables by recurrence to literature, as they are hard to grasp and would require additional, more focused qualitative or quantitative anal.

2.2. Explanations at Company Level

The push thesis studies early retirement under the aspect of the exclusionary mechanisms of the labour market. It argues that older workers are pushed out of the labour market either by structural factors (globalisation, demographic change, unemployment; Rosenow/Naschold 1994: 33) or by factors inherent in the employment relationship. Ebbinghaus (2002) singles out age-related health impairments, discrimination against older and disabled persons in hiring, training and firing, unemployment, social pressure by peer groups, corporate and financial governance, sectoral changes, production systems and legislative protection systems of older workers as relevant push factors. While economic analyses mostly centre on pull factors and stress the voluntary character of early exit, sociological analyses point to push factors and the coerced mode of early exit (Wurm et al. 2007: 49ff).

In her analysis of the possible effects of pension reforms and labour market reforms on activity rates of the 55-64-year-olds in EU-15, Norway, Switzerland, Baltic countries and CEEC, Kotowska (2003: 31) pointed out that reforms which aim at prolonging working lives and reforms which aim at better working conditions and job prospects for older
workers seldom coincide. For a successful implementation of such reforms, Kotowska argues, employers must review stereotypes on old age and be willing to hire older workers.

The individual, firm-level and institutional determinants for labour market exit were also studied by Teipen (2003) and Oswald (2001). While Teipen concentrated on management patterns and chose a qualitative method approach, Oswald worked with German and British panel data on individual work patterns and labour market exit. Oswald drew a distinction between the ‘exit into retirement’, which she assumes is voluntary, and the ‘exit into unemployment’, which is involuntary and dependent on labour market demand.

In Western Europe, the push perspective is represented by many authors. The chances to reach standard retirement age are seen in age(ing)-friendly personnel policies and a positive attitude towards old age. The authors concentrate predominantly on health management and health-conducive working conditions (inter al. Morschhäuser 1999, 2003; Behrens 2003; Marstedt/Müller 1998; Molinié 2003; Ilmarinen/Tempel 2003), less often – on further vocational training (Astor/Jasper 2001; Hilpert/Kistler/Wahse 2000; Marstedt et al. 2003; Wolff 2000; Benedix/Hammer/Knuth 2002).

Casey (1989) introduced the concepts of ‘instrument substitution’ and ‘cost-shifting’ to the analysis of early exit. With ‘instrument substitution’ he brought to attention the fact that in European countries, several provisions for early exit exist, and as one is circumvented, another one opens up and channels the stream of withdrawing workers. Moreover, as he showed on the history of early retirement in European countries, public arrangements were often supplemented by private ones. ‘Cost shifting’, in turn, entails shifting the costs for early retirement from one body to another, e.g. from the administration of unemployment benefits to companies. Casey’s work plausibly documented that push and pull mechanisms – even if he did not name them so – need to be observed together.

This was pursued even further by Kohli et al. (1991), who introduced the concept of ‘pathways of exit’. The authors diagnosed at that time a gap in research on the interaction between social policy and the labour market (Kohli/Rein 1991). According to the scholars, research so far had focused predominantly on pull factors of retirement which did not sufficiently explain early exit. Why else would national welfare states which provide retirement incentives generate different national outcomes? Kohli and Rein suggested a combination of the pull and push perspective. In their analysis, the state was not the main societal actor solely responsible for setting the course but only one of the players which more often reacted to changing economic pressures and resorted to “muddling through” (ibid: 12).
In Poland, there exist no in-depth firm-level surveys which touch upon the issues of age management or retirement, let alone in comparative perspective. However, I can point here to a qualitative analysis conducted by two colleagues from the ActivAge project (Perek-Białas/Ruzik 2004a). Another short report of age management practice of Polish firms was conducted by Rogut et al. (2007). A valuable source of information on the structural, institutional and demographic determinants of early exit and employment of older workers are two edited books published by the Demographic Institute at the University of Łódź (Kowaleski/Szukalski 2004, 2006) and the articles by Halicka/Halicki (2002) and Golinowska (1993). Żukowski (1998) can be located within the pull perspective on early exit, within the push perspective – Szubert/Sobala (2005), and both perspectives are unified in the short analysis of governmental policies conducted by Kryńska (2006). Urbaniak (1998) analyses labour market and social policy conditions for the continued work of retirees.

The \textit{push} and \textit{pull} thesis of early exit form one of the theoretical foundations of hypothesis 1 (section 2.1.) and hypothesis 4 (section 2.3.) by stating that both demand-side and supply-side factors shape retirement transitions.

The \textbf{neo-classical labour market theory} (Soltwedel/Spinanger 1976) utilises the model of volume adjustment – in contrast to wage adjustment relevant in other neo-classical approaches. Soltwedel/Spinanger (1976) explain the relatively higher unemployment risk of older workers, young workers and women with the classic economic assumption that the more cost-effective alternative in hiring is always favoured. With regard to older workers, this assumption is based on the ´deficit model´ of old age, which implies that older workers suffer inescapable losses in productivity bound to calendar age, and on the assumptions of their higher expectations with regard to wage and their lower occupational and spatial mobility (1976: 276). The competitive position of older workers is further influenced by legislative regulations, e.g. dismissal protection, which stabilise their employment situation to the detriment of younger job applicants (1976: 293).

According to neo-classical labour market theory, older workers are externalised (i.e., not hired, but laid off or encouraged to exit early) if their efficiency decreases, bringing the relation between costs and returns out of balance; we assume here that wage adjustment is banned by collective agreements, as is the case in Germany (Naegele 1992: 377-8). Further qualification and ageing-friendly re-organisation of workplaces – recommended by social
scientists as means to retain the efficiency of older workers – are rejected with the argument that the investment costs would not be regained because of the early exit risk of older workers and because of their assumed drop in performance. The result is what for Ebbinghaus (2002: 40) constructs catch-22: “[F]irms foster early retirement due to the “outdated skill” argument and then, with the expectation of even shorter remaining durations, stop investing in skill updating even earlier.”

The basic assumptions of neo-classical economics were criticised by other economic theories and other scholarly disciplines. Naegele (1992: 380, 386) criticises its view on work incapacity of older persons as given and lack of interest in neither its origins nor ways of prevention. Rosenow/Naschold (1994: 218) found out in firm case studies that firms externalise older workers not for reasons of diminished productivity but in order to enhance flexibility of staff deployment. Nevertheless, neo-classical assumptions could still be shared by policy-makers in German and Polish companies and influence their behaviour. Therefore, I will derive a hypothesis based on neo-classical labour market theory (see below) and investigate whether the behaviour of management and employee representatives in analysed companies is in line with the neo-classical or the firm-structural approach.

The concept of ‘alternative roles’ developed by Offe and Hinrichs (1984) argues that the unemployment in Germany is structured and constitutes several ‘problem groups’ which are disadvantaged not because of their personal characteristics (as neo-classical theory would argue), but because certain negative values are ascribed to them on grounds of age, sex, disability or ethnicity (ibid: 46). They postulate a failure of the welfare state as it opened up for those groups of workers the opportunity to earn one’s living by social transfers, e.g. early retirement pensions, and made them thus vulnerable to being treated as flexibility resource of the labour market. E.g., for older workers, there exists the ‘alternative role’ of retiree (ibid: 73, 75). That institutional mechanism is perpetuated by the works council, employers and state actors. Employers appoint those problem groups predominantly to marginal workplaces characterised by low pay, low qualification requirements and related lack of further qualification, low prospects of promotion, restrictive working conditions, high subordination and control and high risk of early exit (ibid: 74).

Based on the neo-classical labour market theory and the concept of alternative roles, I develop hypothesis 2A: Firms apply a differential personnel policy with regard to older
workers (‘problem group’) and treat them as a flexibility resource and pursue practices of de-qualification and externalisation. Hypothesis 2A will be tested against competing hypothesis 2B (see below).

The firm-structural approach (Kohli et al. 1983) integrates the labelling approach and the approach of industrial sociology. When applied to the study of firms’ personnel policies, this entails that “the economic pressures dominating the firm can only be effective in the context of the interpretations and norms of the members” (ibid: 29). The authors state that the firm must ensure the ‘reciprocity norm’ (rewarding workers for their lifelong loyalty) if it wants to realise its economic objectives. In contrast to neo-classical assumptions, the authors state that “the enterprise is not simply a place of direct implementation of the economic imperative of maximising profits” (ibid: 29-30). Rather, it has to gain some autonomy from the market, especially from the external labour market (ibid). On those premises, three objectives for personnel management arise: maximising performance, maximising the length of usefulness of labour, and maintaining continuity (ibid: 30). This entails that the human capital of older workers has to be preserved and not exhausted until work incapacity ensues, as this is in line with the economic interest of the firm. Firms apply age-specific allocation of personnel, which conforms to the biographical expectations of the employees (ibid: 31-32).

At work, older workers appear both as a ‘problem group’ and as ‘resource’. In hiring, older applicants are discriminated against. Thus, the achievement of the firm-structural approach is the recognition of different, even contradictory, personnel policies within one firm. Neither can their firm-specific know-how be utilised by the new employer, nor have they a long period of usefulness (ibid: 1983: 31-33). With regard to long-standing workers, seniority systems are established. Older workers are honoured as socialising instances for the younger workers and carriers of firm-specific know-how. In distinction to the assumption of the segmentation approach, the firm-structural approach acknowledges the fact that even in case of work incapacity, long-standing workers are not laid off but integrated (Naegel 1992: 397). Yet, despite the potential of older workers, firms still pursue a rejuvenation of the workforce in order to achieve the optimum ‘age-mix’, and complement legislated retirement age with firm-specific retirement ages (Kohli et al. 1983: 33; Naegel 1992: 398).
In line with the approach, I will understand structural factors as economic factors which are external to the firm and exert impact on its policy e.g. in the form of economic pressure for rationalisation. As relevant macro-economic factors, I regard the economic situation in the analysed countries, the competition on the market, ownership transformation of companies, unemployment and framing conditions on the labour market (demand for certain qualifications or regional differences in demand), rationalisation and modernisation processes.

Personnel management has been also studied from the behavioural science and institutional economics angle. The framework of behavioural science is, alike neo-classical theory, interested in decisions within organisations but starts on the premises of bounded rationality and recognises the organisation as independent variable, within which heterogeneous interests and divergent power relations exist (Berger/Bernhard-Mehlich 2001: 134). The framework can be applied to explain decisions in organisations and relations between employer and employee. The theory of incentives and contributions (March/Simon 1958) may help explain why it could be profitable for managers to include age management policies and to retain older workers. Bartscher-Finzer/Martin (1998) explicate with the help of this theory that organisations pursue a uniform personnel policy (in the meaning of politics) but they apply differential incentives and different singular measures of personnel policy (Personalarbeit) for different groups of workers, according to the rule that “specific job performance requires specific incentives” (ibid: 116, 140-1; own transl.). In case of complex tasks, the employer would strives to ensure a stable and long-lasting employment relationship or to increase the identification of the workers with the firm through participative and inclusive measures (ibid: 136-139).

The firm-structural approach and the theory of incentives and contributions lead to hypothesis 2B: Firms have a uniform personnel policy for all workers. Older workers are regarded by firms as a ´problem´ or a ´resource´ depending on their individual potential.

The competing hypothesis 2A and hypothesis 2B are an answer to the diverging view on human capital in general and older workers in particular applied by classical and neo-classical strands of economics, on the one hand, and theories of social action which broaden
the view to structural factors and power relations, on the other hand. My intention is to inquire which model is followed by corporate actors with regard to older workforce.

**Operationalisation:** I will study what policies corporate decision-makers apply with regard to older workers, what the direction of those policies is (‘internalisation’ vs. ‘externalisation’), and whether those differ from policies applied towards other groups of workers.

A **combined perspective of the ’varieties of capitalism’ approach** (Hall/Soskice 2001) and of the ’varieties of welfare state regimes’ approach (Esping-Andersen 1998) was applied by Mares (2001). She shows that firms have preferences for certain social policy arrangements. They have to make a constant trade-off between the goals of ’risk redistribution’ (redistribution of the costs for the labour market risks of work accidents, unemployment and old age) and ’control’ (retaining some responsibility for the administration of welfare arrangements, but with higher costs incurred). She describes the conditions under which firms prefer universalistic social policies or private-type policies. With regard to early retirement, Mares (2001: 208-211) argues that larger firms and firms with an older workforce participated to a larger extent in the opportunities posed by the ‘59 rule’ and the ‘pre-retirement scheme’ (Vorruhestand), as for large firms “the status quo represented an ideal combination of risk redistribution and control”. Ebbinghaus (2002: 42-43) gives further examples of employer’ interest in the locus of control: mandatory retirement clauses in employment contracts; the voluntary topping-up of public benefits; part-time jobs which can be combined with gradual pensions and the co-financing of the unemployment pathway until the worker can draw an old-age pension.

From the firm-structural approach (Kohli et al. 1983; Kohli 1988) and the combined ’varieties of capitalism’ and ‘varieties of welfare state regimes’ approach, as applied by Mares (2001), I derive **hypothesis 3:** The better the economic situation of the firm and the lower the share of older workers among the workforce, the more prone it will be to facilitate prolonged employment. Conversely, firms with a bad financial standing and a higher proportion of older workers will be more prone to externalise them via existing or newly created exit pathways.
Kohli (1988: 46) refers to the antidiscrimination legislation in the USA, which has not managed to give a halt to early retirement, and concludes that “the pressure of the labour market has apparently vastly limited the effect of constitutional and political interventions which were diametrically opposed”. He states furthermore: “The institutional differences between the countries might have developed the trend towards early retirement to varying degrees but have not managed to give a halt to it” (ibid: 47). The fact that early retirement was frequently used in concordance with mass layoffs to ease the strain on the labour market, and was even supported in this function by governments is a further case in point.

Mares (2001: 209) claims that “[f]irms in industries with unfavourable demographic structure used early retirement more extensively, as compared to firms with a younger age structure”. The firm-structural approach further states that firms strive to gain autonomy from the external labour market, therefore they tend not to recruit older applicants and to externalise older workers so as to preserve an even age structure. Moreover, workers above the age of 55 have already fulfilled their function of socialising younger employees and passing on their knowledge, therefore their period of usefulness has come to an end (Kohli et al. 1983: 33).

Operationalisation: I will compare how firms which fare well and less well on the labour market (based on firm data or on economic indicators for the respective branches) deal with their older workers. I will furthermore analyse whether age management in companies follows a pattern related to the average age of their workforce and the relative proportion of employees at the age of 50 and older.

Naschold et al. (1990) defined the position of older workers in the firm in relation to production regimes (taylorism, diversified quality production and innovation-orientated market expansion strategy) which breed certain labour market risks. They were interested in the interplay between state-induced and firm-induced early retirement strategies. They anticipated three possible reactions of firms to state action in the field of early exit:

- “direct exclusion [of older workers] and externalisation of costs”;
- “strategies of utilising the human capital [of older workers]”;
- “far-reaching adjustment of the structure of workplace to the age structure of the workforce” (ibid: 192; own translation).
The authors sought to analyse whether the intended change of the early retirement consensus between the German legislator, employers and trade unions at the beginning of the 1990s would be put into practice at firm level.

The comparative analysis of Naschold/de Vroom (1994) follows a neo-institutional and actor-theoretical approach. The institutional and structural focus is broadened by a view on organisations. The survey, carried out in seven countries, was not only based on statistical analysis at macro level but also on qualitative analyses at firm-level. Research groups in all participating countries revealed distinct national patterns of labour market exit which transcended branch differences and differences related to enterprise size. With regard to Western Germany, the researchers stated that the externalisation strategy is applied by all studied German firms as a reaction to age-selective personnel problems irrespective of the production regime (Naschold et al. 1994a: 467).

The analysis of the WZB researchers was conducted before the 1992, 1996 and following pension reforms in Germany which undermined the decade-long consensus between the employers, trade unions and state actors over early exit. My analysis, albeit concentrated on firms with at least 250 employees and based solely on qualitative methods, will be able to show what repercussions the paradigmatic change has had at firm level.

Institutional theory and empirical evidence collected by Naschold/de Vroom (1994) and Maurice (1991; see also Lane 1989: 39) lead to hypothesis 5: Institutions matter and bring about country-specific patterns of internalisation and externalisation of older workers. Those patterns superpose the branch similarities between Germany and Poland.

Operationalisation: I will conduct a Germany-wide and Poland-wide comparison between branches (within-case), and a comparison between in total 14 German and Polish companies from the sector ´Manufacturing of Food Products and Beverages´ (in short: foodstuffs sector) and ´Manufacturing of Transportation Equipment´ (in short: transportation equipment sector), which will constitute an across-case comparison (Gerring 2001: 202ff).

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9 However, with concentration only on three regions in each country.
2.3. **Explanations at Individual Level**

The individual decision to retire has been approached from the labour supply- or protection-orientated perspective (pull factors) or from the labour demand or production-orientated perspective (push factors).

The **pull thesis** has the longest theoretical and empirical tradition and states that the institutional levers which induce workers to choose early retirement can be altered. It focuses on the incentives and disincentives within the statutory pension system. Incentives for an early retirement are a flexible retirement age without actuarial deductions for early take-up, an ‘implicit tax’ on continued employment (meaning that additional times of work are not translated into correspondingly higher benefits), reduced opportunities for combining gainful employment and benefit receipt, and generous unemployment benefits and disability pensions which can be received until retirement age.

Decisions within the pull model are therefore clearly economic in nature and can be approached with the **life cycle theory** or with the **hypothesis of securing the standard of living** (Dinkel 1988). According to the first theory, workers act as to maximise the trade-off between consumption and income during life. They make informed choices about how long to save for one’s old age given their presumed life expectancy, their further career advancement and the interest rate on savings. Workers opt for early retirement if their old-age income will be reduced by less than actuarially neutral deductions. In case of exactly actuarially neutral deductions, the worker would be indifferent as to the timing of early retirement, claims the life cycle theory.

The pull thesis is represented by Blöndal/Scarpetta (1999), Gruber/Wise (1999) and Duval (2004). In the opinion of Gruber and Wise (1999: 8-9) – who argue in line with the life cycle theory – an individual chooses to stop working if the tax penalty on continued work past reaching the eligible age for social security benefits is higher than the expected income gains. The larger the adjustment for the delay in receiving benefits, the larger the inducement to continue working. It is Gruber’s and Wise’s merit to have compared those ‘implicit taxes on work’ across several countries. They came to the conclusion that tax rates on continued work are universally imposed (Gruber/Wise 1999: 30; they have however not included CEEC in the analysis). The lack of an appropriate adjustment of the future pension level to the age of exit also constitutes an incentive to retire early. The pension deductions...
imposed in Germany, despite being budgetary neutral for the social security system, are not actuarially fair (Clemens 2004).

Blöndal and Scarpetta proved the close interrelationship between the country-specific activity rates of persons aged 55-64 years and the disincentives of the old-age income provision systems. They also stated that individual factors influence the retirement decision, like health status, educational level or section of economic activity. The authors view an amendment of institutional rules on pension take-up as the solution to sinking activity rates of older workers. Socio-economic variables determine which pathway of early exit is chosen – "early retirement, disability retirement or unemployment retirement" (Blöndal/Scarpetta 1999: 46) – but do not influence the sheer fact of early retirement. Blöndal and Scarpetta postulate therefore to remove retirement incentives inherent in all institutions of the social security system, not only in old-age security.

In my opinion, Blöndal’s and Scarpetta’s analysis leaves out questions of implementation and appropriateness. A removal of economic incentives to early retirement will not have the desired effect if the living conditions of the retirees-to-be, their working conditions, the interests of their employers and the economic situation remain out of consideration. I also challenge the assumption that a social security system serves its function if older workers are deterred from early retirement regardless of their health condition or else face the risk of 'falling through the cracks'.

Besides of push and pull factors (and, as will be shown in the next section, the action of social partners), aspects pertaining to family, personal goals in life or the value of leisure time became recognised as jump determinants of early exit (Jensen 2001, 2004). Rosenow and Naschold (1994: 32) associate the recognition of the positive aspects of retirement with a change in values over the last decades. That change, they argue, has diminished the role of employment as the central category in life and rendered the leisure option more acceptable. Retirement is increasingly being associated with a period in life which allows for the realisation of people’s personal interests, family responsibilities or voluntary work. With regard to Germany, Heinze et al. (1984:119) recognised already in the eighties that ‘traditional’ work-related values as income security, diligence, subordination and discipline have been undermined by rising unemployment/diminished employment chances for young
job entrants and subsequently replaced by ‘new’ cultural values as self-fulfilment, creativity and freedom of choice.

I will distinguish between pull and jump factors as drivers for voluntary exit, and push factors as motives for involuntary exit. Push factors can be of direct nature (labour shedding, unemployment, ageism) or of indirect nature (subjective work burden, health impairments, etc.).

The life course theory postulates the determination of individual life courses by institutions. Institutional arrangements “built the tracks that individual trajectories are bound to follow” (Mayer 2004: 162). Those arrangements are e.g. career ladders and tracks of personnel development in firms, or the age and employment duration that is required for the receipt of a social security benefit. Institutional contexts “narrow down to a large extent which life avenues are open and which are closed” (ibid: 164). The individuals are however not solely passive objects in the process of shaping their life courses, but also active agents which influence and create life courses (ibid: 180). The power of the individual to plan and live his life is pre-defined by institutions, inter al. by options offered by the welfare state, but it is due to autonomous decisions of the individual how that presetting is integrated into the life course (Leisering et al. 2001: 11, 14). In this respect, life course theory may be linked up with the actor-centred institutionalism which states that the influence of actors by institutions is a reciprocal process (see section 2.1.).

Based on the institutional theory and the life course approach and the push and pull thesis, I derive hypothesis 4: Institutions matter and have an impact on individual life courses and preferences as to the timing of the exit from the labour market.

Operationalisation: I will analyse with the help of statistical indicators at national level how the employment rates of older workers, the average retirement ages, the take-up of disability pensions and individual retirement preferences have evolved during times in which substantial reforms were passed. In the firm-level section, I will also analyse the change of retirement preferences of workers in the analysed firms based on the assessment by the firm experts.
2.4. Explanations at Collective Bargaining Level

Social partners can be located as a third actor besides the state and the employers in the “early exit triangle of protection, production, and partnership” and as “mediating between pull and push” (Ebbinghaus 2002: 332). Ebbinghaus arrived at an international typology of a Nordic, Central European, Latin, Anglo-American and Japanese socio-economic model (ibid: 180). In Western countries, social partners were an active co-decision-maker in the framework of early exit and the utilisation of early exit pathways as a solution to labour market problems was “partly due to unintended consequences of public benefits set up for social purposes” (2002: 350). Moreover, early exit pathways were to a high extent promoted or negotiated by social partners and served their interests.

For the analysis of negotiations between employee representatives and the management at firm level, the theory of power as adapted by Nienhüser (1998) is helpful. It defines the interests, the control options and the resources held by the two parties in the bargaining process depending on the actor constellations. Nienhüser (1998: 252ff) states that the power of the works council (and, if adapted to Polish conditions, of firm-level trade union committees) is augmented if it is neither interested in re-election, nor in benefits to the employees provided by the employer, nor in information about what happens in the firm. The works council is also the more powerful, the greater control it has over social and human capital, the higher the unionisation ratio and in case of a homogeneous workforce and of representation in the supervisory board of the firm. A powerful works council is more cooperative (ibid: 253). The management will be interested in the cooperation with the works council the more, the more complex are the work processes and jobs. The cooperation will entail a saving of transaction costs for the management (ibid: 255).

The theory of power adapted by Nienhüser (1998) to industrial relations and the model of actors constellations in the field of early retirement depicted by Ebbinghaus (2002: 19-20), in which social partners play a role in “mediating (...) push and pull factors”, substantiate **hypothesis 7:** The institutional configuration of industrial relations determines the process of deliberation on early exit at firm level. In Germany, the management will be able to pursue early exit policies only in agreement with the works council due to the institution of co-determination. In Poland, the management will be able to push through its interest in early exit due to the presence of rivalling trade
unions. This will allow the management to play one trade union off against another but it will be more difficult to reach a collusion of interests.

Ebbinghaus observed a “collusion” of interests between employer representatives and the management with regard to early exit in Western European countries and that both parties pursued the goal of externalising the costs of early exit onto the public (ibid: 48). Both in Germany in Poland, the early exit trend has been built up and sustained through cooperation between the state and the collective bargaining parties.

But while the works councils in Germany often assume the role of “co-managers” (Schmidt/Trinczek 1999: 117), the model of workers´ interest representation at shop level in Poland resembles the French system of plural unionism. This model, “making for inter-union conflict, dissipates labour’s strength vis-á-vis employers” and enables employers to “manipulate the system and deal with whatever body appears most amenable to negotiation” (Lane 1989: 212-3). In contrast, in Germany, the principle of one union per branch is in place which reduces conflicts within works councils which are composed mostly of union members.

Nienhüser (1998) states that an unrivalled works council (or shop-level trade union committee, in the case of Poland) will be more cooperative and prone to compromise than a works council which has to compete for its position. In the latter case, the employee representatives will strive to demand benefits to the workers from the employer, and the relations will be more conflict-prone. That entails that in Poland, where several trade unions rival for re-elections and for recognition by the employer as a bargaining party, it will be more difficult for the management to reach an agreement on age management and early retirement. But the management will be able to push through its interest, e.g. by not responding to trade unions´ demands for a higher compensation in case of redundancies. The power of the employer will be lower in the stronger ´juridificated´ Germany in areas which are regulated in collective agreements.

Operationalisation: I will analyse the politics and policy of employee representatives at firm-level in realms of early exit and process of bargaining with the management on these matters. I will base my analysis on oral accounts of the personnel managers and the employee representatives as well as on collective bargaining material (collective and works council agreements, social plans and personnel communication on those matters, wherever available).
2.5. Conclusions

The depicted theoretical approaches describe different aspects of the policy domain of early exit as depicted in my analytical models (Fig. 1 and 2 in chapter 2. and Fig. 3 in section 3.1.). Some are contradictory – e.g. the neo-classical approach and the firm-structural approach in the section on company-level theories – but the contradiction nevertheless reflects firm behaviour, in which diverging actions and motives are present.

Although the early exit issue can be studied at three levels (the macro level of institutions and structures, the meso level of branches, and the micro level of establishments and individual workers), I will concentrate on the institutional and on the company level.

For this purpose, several of the depicted theories, frameworks and theses will be helpful. The institutional framework, and above all the actor-centred institutionalism, will serve as a basis for defining hypotheses at the establishment and the national level. The path-dependence thesis offers insight into the phenomenon that some institutional conditions prevail and are hard to revert despite not being the optimum conditions. The push, pull and jump thesis describe the competing forces that shape cohort-specific retirement trajectories at the aggregate level.

The life course approach may help explain how institutions influence individual life courses and shape expectations regarding the ´standard´ or ´right´ retirement age, and expectations regarding other ways of exit.

The firm structural approach and the theory of incentives and contributions, on the one side, and the neo-classical labour market theory and the thesis of alternative roles, on the other side, are competing approaches which help analyse the decisions taken and policies developed in the ´black box´ of the firm arena. The approach applied by Mares (2001) – a combination of the varieties of capitalism approach and the varieties of welfare state regimes approach – describe the conditions under which firms favour certain social policy arrangements, inter al. with regard to early exit.

With regard to industrial relations, the model of Ebbinghaus (2002) which positions social partners as an entity mediating between push and pull factors, as well as the power theory adapted by Nienhüser (1998) to the arena of industrial relations can be applied. On that basis, I will aim to explain the role social partners play in the process of early retirement and age management at firm level.
2.6. Pay-off of my Project

I regard my project as valuable because the reversal of the trend towards early exit is a pressing issue in European countries. The trend needs to be analysed in its implications at company level, as this is largely an under-researched ‘black box’. Existing accounts of firm behaviour towards older workers based on quantitative data leave many questions open, esp. with regard to the impact of pension and labour market reform and demographic change and the role of works councils in age management (see Köchling/Deimel 2006: 153 ff; Bellmann et al. 2007: 5; Bellmann et al. 2006: 17).

Up to date, there have been few comparative analyses which addressed both the pull as well as the push factors of retirement. With my study, I want to combine those two approaches and analyse both the institutional and firm-level determinants of labour market activity and retirement of older workers. My results may help to assess the employment and retention chances of older workers and to develop adequate policy responses and incentives. Moreover, representative surveys in Polish and German companies and German firm case studies on age management have not yet studied the impact of recent legislative changes in the field of old-age pensions and labour market policies. My study will continue the analysis of welfare and work arrangements conducted by Naschold et al. (1994b) before the onset of paradigmatic reforms in Germany, and broaden the view to several fields of personnel policies within the firms.

Central and Eastern European Countries are under-researched in many respects. So far, there has neither been conducted any comprehensive research on the policy of Polish firms towards older workers, nor has Poland – with the exception of the ActivAge project (Perek-Białas/Ruzik 2004a) and the European Foundation project (Rogut et al. 2007) – been included in comparative analyses of this sort. One reason for this situation is that qualitative surveys in Polish companies are still a rarity. My work shall therefore contribute to the research of transformation countries.

Moreover, comparative research usually adopts a static perspective (Heidenreich 1991: 49). My research surpasses this boundary and regards personnel and externalisation policies of firms against the framework of changing old-age pension legislation. German case studies are conducted at two points, and the interview slots with managers and trade union representatives in Polish companies were also set one year apart in time to take account of the changes within the firm. With the longitudinal qualitative analysis, I will contribute to
the development of qualitative methods.

My study will include also another methodological innovation. On the basis of evidence from qualitative studies, I will conduct a typology of firms which will picture the degree to which they externalise or internalise older workers and the degree to which they are pursuing a holistic age management strategy, or resorting solely to reactive policies. I will take into accounts several criteria for several fields of personnel policy, which goes beyond the approach applied by other analyses of ´good practice´ (Bertelsmann Stiftung/BDA 2003; Taylor 2006).

Another advantage of my study is the inclusion of expert interviews with both management and employee representatives on the topic of ageing workforce. Most frequently, corporate analyses on the employment of older workers concentrate solely on the opinions and reporting of management (e.g. IAB Establishment panel; Koller/Gruber 2001).

2.7. Methodology

In my dissertation, I will utilise the following empirical methods:

1) Qualitative case studies at establishment level in Poland and Western Germany.

There are various meanings to the concept of a ´case´ which complicate a precise delineation. I adhere here to the definition of Vaughan (1992: 175) who understands cases as “organizational forms that are analyzed regarding some similar event, activity, or circumstance.” My analysis of two (country) case studies can be more distinctly described as ´collective case studies´ (Stake 2000: 437), as each of the country studies consists of several case studies of single firm sites, or as ´layered´ or ´nested´ case studies (Patton 2002: 447).

My expert interviews were of the ´systematising´ type (in distinction to exploratory interviews) and were conducted in order to collect pertinent information on the subject of interest in a systematic way, serving the purpose of comparison, after experts have been identified and the interview guideline set up (Vogel 1995: 74).

2) qualitative expert interviews based on a semi-structured guideline with representatives of intermediary organisations and public administration (trade unions, employers´ associations, employment office, placement service, ministries, administration of German Statutory Old-Age Pension Insurance) and with researchers, conducted in Germany in autumn and winter 2003).
Those interviews, which were originally conducted for the ActivAge project, together with the gathered material (a.o. collective agreements), will only serve as auxiliary for my analysis of firm-level interviews.

3) secondary analysis of national and international official statistics on employment, retirement and demographic developments (from OECD and Eurostat);

4) literature and document analysis (scholarly literature; policy documents including commissioned reports, legal acts, drafts of law and press releases; daily press), scholarly literature comprising the results of national and international public opinion surveys on individual retirement preferences.

I decided to utilise qualitative methods for my research topic as they are well-suited for explorative analyses of new phenomena (Flick et al. 2003: 24, 25), and as such I regard the comparison of practices of Polish and German companies in view of pension reforms. With relation to my topic, I was interested in the mechanisms of translation of legislative regulations into company law and practices, and the interrelations between the employee representatives and management in that process. In particular, I wanted to investigate whether the personnel policy of firms in Germany and Poland has reacted to the changed legislative framework with regard to early retirement and has created opportunities for older applicants to enter the company and opportunities for older workers on-the-job to remain in it until standard retirement. I assumed that those mechanisms and processes were contingent on the institutional framework. That called for a holistic, qualitative research perspective. Furthermore, I wanted to find out whether there are certain, nation-wide types of reactions to those reforms, or whether those types follow other dividing lines (e.g. branches). Qualitative methods allow an unravelling of stereotypes and discriminative practice which in quantitative accounts may be hidden behind replies in line with social desirability.

In distinction to analyses of the European Foundation (e.g. Taylor 2006), I did not look after already developed, ‘good practice’ age management policies. Rather, I sought to find out under what conditions such policies can be developed, and what are the conditions which thwart the development of such policy.

I was not interested in how frequently one type of reactions occurs but what the possible range of reactions is. Therefore, comparative case studies were the method (or approach) of choice. They make an in-depth understanding of the analysed topic possible and generate
concrete, context-based knowledge (Flyvbjerg 2005; Patton 2002). Acc. to Patton (2002: 167-8), qualitative methods are particularly suited for tracking organisational development as they do not depict solely the initial and final stage of a process (as quantitative panels do), but “what happened along the way”. Moreover, quantitative data on age management in Polish companies is lacking altogether. A survey conducted in 2007 focused on opinions of employers about older job-seekers and on their recruitment practice (Ipsos 2007). Although an establishment panel study has been conducted in Germany since 1993, age-related questions have entered the questionnaire only in 2002, and many aspects of the employment relationships of older workers are still under-researched.

As central instrument within the case studies, I conducted expert interviews with personnel managers and works council members (in Germany) or shop stewards (in Poland) at establishment level. I concentrated on one site of the firm, usually the headquarters or another site which had an own department responsible for personnel policies. I interrogated personnel managers (or other persons responsible for personnel policies; sometimes it were financial directors or CEOs) and representatives of the employees (works councils and trade unions) not about their personal life history and experiences, but about issues which lay in their purview and of which they were co-designers. The interviewees are treated in expert interviews as representatives of a given group and not as singular persons, the topic of the interview does not concern their personal opinions, but opinions of the whole organisation (Mayer 2002: 37; Jaworska-Posila 2000: 233-4).

By interviewing both managers and employee representatives, I was able to control the validity of the statements of either one party. The collection of additional material (e.g. statistics on the age structure, fluctuation statistics, collective and works council agreements) allowed me to assess whether verbal declarations are translated into actual policy.

I conducted the analysis at two time spans: In Germany in spring 2004 and autumn 2006/spring 2007, in Poland in spring 2005 (personnel managers) and spring 2006 (shop stewards). The 2.5- till 3-year time span between the two time slots in the case of the German study gave my study the character of a qualitative panel and allowed me to track continuance, resp. disruptions in the age management policy, as well as adaptation to institutional changes. A comparable qualitative panel of age management strategies with a
10-year interval in-between two interview waves was conducted by the European Foundation (1997; Taylor 2006).

Two possible ways of defining the sample in qualitative research are possible – either producing a grid of variables and sampling cases for each cell, or extending the sample as new knowledge is gained, the so-called ‘theoretical sampling’ (Merkens 2003: 291-2). I followed the second approach, as my analysis had exploratory character and little information was accessible on that matter (e.g. no information whether rather big or small companies practice age management, no names of ‘good practice’ or ‘bad practice’ companies with regard to age management in Northern Germany and in Poland were revealed within the scientific community). The accessibility of information, practicality and quality of experts are recognised as possible reasons for modifying the sample procedure (Merkens 2003: 288, 292, 294). I followed the basic criterion regarding sample size, whereby a sufficient number of observations have been conducted when redundancy is achieved, i.e. no new information can be gained from the introduction of new cases. (Patton 2002: 244).

I have applied a mix of criterion sampling and heterogeneity sampling (Patton 2002: 230ff). My initial criterion was the size of the firm between 500-3,000 employees (German criterion for ‘large company’), as only big companies are able to run human resource management strategies (Brussig 2005: 11; Pocztowski et al. 2001: 15), and in very big companies, there is a blur of many different strategies. Moreover, large companies were in Germany the main initiators and beneficiaries of early retirement policies (BmFSFJ 2005: 82; Mares 2001: 209) and are believed to pursue a “formalised age-selective policy” instead of “case-by-case policies” pursued by SME (BmFSFJ 2005: 83). However, later my sample was broadened to include six Polish middle-sized companies with less than 250 employees and one middle-sized German firm with less than 500 employees, and two German firms with more than 3,000 workers at the studied site, and among them, one very large enterprise with more than 10,000 employees.

Another initial criterion was that workers aged 50 years and more should constitute at least 10 per cent of overall workforce.

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10 Another follow-up study of some firms included in the European Foundation’s sample is one of the research aims of scholars working on the project „Activating Senior Potential in Ageing Europe“ which is located within the 7th Research Framework of the European Commission (www.aspa-eu.com).
11 Firms with at least 250 employees comply with the EU criterion of 'large firm'.
I had originally intended to focus on labour-intense (rather than skill-intense) manufacturing firms as research shows that the push towards early exit in such surroundings is especially pronounced due to hard working conditions and health impairments caused thereby, technological change and the related obsolescence of (old) knowledge, and the decline of the industrial sector (EC 2004a: 117-120; BmFSFJ 2005: 79, 85). Thus, I assumed that firms with a higher percentage of blue-collar workers performing hard physical work (e.g. working at assembly lines, in the cold, lifting heavy burdens) would be more pressed to develop strategies which cushion the negative effects of an ageing workforce.

In the course of the research, I broadened the range of sectors and included a few firms from the services as well in line with heterogeneity sampling. The rationale behind it was the striving for greater generalisability, and the knowledge that the employment risk of older workers differs by branches and production regimes (Frerichs 2002; Rosenow/Naschold 1994: 42ff).

I aimed at least 10, preferably 15 firms per country.

The firms in my sample are no ´matched pairs´ in the meaning of Dore (1973; quoted after Jürgens 1991: 195). The reason is that in Poland, large firms above 500/1,000 employees are seldom; only 0.13 per cent of companies employ 250 persons or more (MG 2006: 29). The firms I have in my sample are more typical of the segment of large firms in Poland. Therefore, by choosing even larger firms, to match the German ones in size, I would obstruct the idea of comparing firms which are typical for the given country (comp. Heidenreich 1991: 52).

I collected empirical data in expert interviews based on an interview guideline. Expert interviews are recommended in situations when concrete data on a given subject is afforded (instead of the personal opinions and feelings of the interviewee; Trinczek 2002: 209). I developed an interview guideline designed for a partially structurised 1-2 hours talk. The guideline was based on academic literature, my own considerations and discussions within the ActivAge group (see Annex A). It contained a part which was similar for all countries participating in a project and a part which had to be adapted to individual country cases. I also developed the guideline inductively, out of data: As I realised that my interviewees understood the term ´older worker´ differently, I included the question “What constitutes in your view an older worker?” into the Polish questionnaire guideline and into the guideline for the second interview wave in German companies. The latter questionnaire was also
updated in line with recent legislative changes, about the impact of which I interrogated my respondents.

I carried out the interviews face-to-face at the company premises, with the exception of the interviews with trade union representatives in Polish companies, whom I interviewed via phone in spring 2006. In most cases, I tape-recorded the talk.

To my face-to-face interviews, I took a small questionnaire which gathered basic information on the firm: year of establishment, legal form, headquarters, branch affiliation, number of sites, investors, annual turnover and income (in the Polish questionnaire) and statistical information on the workforce (Annex B). I was able to fill out some of the information beforehand and let the interviewee complete it. However, this seemed to overstrain some interviewees, and I was not very successful with collecting especially the information on economic indicators. It is a thin line whether repeatedly asking the interviewees to provide the desired information yields the desired results or whether the interviewees are discouraged from further participation in the research. Therefore, I left out those questions from the revised questionnaire for the second wave of interviews in German enterprises. Another rationale for the omission of economic indicators is their limited comparability across countries and across branches (there were even differences within a branch in a country, as e.g. in Poland, some companies complete their balance sheet according to US American law, and some to Polish law).

I will basically use two methods of data analysis and interpretation.

**Qualitative content analysis** is the most frequently used method of analysis of half-structurised interviews (e.g. Meuser/Nagel 2002; Mayer 2002; Mayring 2003). I will depict the basic steps I will take in this process:

1) Interviews are transcribed or formulated in the form of minutes, then reread and summarised. The interview transcript is completed with additional material assembled during the case studies, including field notes and observations of the researcher.

2) Each interview transcript is arranged according to sub-themes.

3) An analysis guideline is drawn up.

The categories are partly adopted from the interview guideline, and partly derived inductively from the collected data.

4) The interview material is coded.
I chose the software MAXqda for this purpose, a programme designed for the structuring and analysis of qualitative data. ‘Coding’ means here relating the interview material to categories of the analysis guideline.

5) After the whole interview material has been coded, text passages from all interviews assigned to the same code are compared (‘cross-dimensional analysis along the sub-themes’ according to Liebold/Trinczek 2002: 53).

This process is done repeatedly. That way, I was able to compare the interview material at various dimensions:

- the utterances of trade union representatives and managers within the same firm (and the facts thus presented);
- the statements of interviewees in the same firms at two time slots (in the case of German case studies),
- the statements of interviewees in German firms in contrast to the statements of interviewees in Polish firms;
- the situation in the food manufacturing sector in contrast to the transportation equipment sector (in both countries).

6) As a next step, a quantitative analysis of the empirical data is possible.

Quantitative depictions of qualitative data are a first step of further qualitative analysis, rather than a result in itself (Schmidt 2003. 560, 562-3): they are useful for the selection of singular cases for in-depth analysis, and make the results transparent. I will conduct frequency tables which depict the occurrence of ageing-friendly personnel policies in singular areas of HRM as a pre-stage for further analysis and interpretation.

7) All cases are analysed in detail, and singular cases are picked out for in-depth analysis.

In my research, I will deal in depth with what I regard as ‘intense cases’ - examples of ‘good practice’ with regard to age management and prolongation of working life.

8) Interpretation

As a method for analysis and interpretation, I chose the structuring qualitative content analysis as explicated in Mayring (2003: 82-99). This method is recommended for the analysis of semi-structured interviews (Schmidt 2003) or analysis of organisations rather than individuals (Scheibler/Pfaff 2004: 164). The aim of the structuring content analysis is to find a certain structure in the data or to assess the data on the basis of certain categories (Mayring 2003: 58, 82-83). The structure is pre-formulated on the basis of theory (deductively; step 3) and revised on the basis of the data (inductively; step 7).
As a further step of interpretation, I will utilise a **typological analysis** which is suitable in order to depict typical features from a greater amount of material, for detailed description of singular cases, and for structuring a wealth of explorative data (Mayring 2002: 130ff).

As ‘types’, Kelle/Kluge (1999: 78) understand “*partial groups or sub-groups with similar features, which can be described and characterised on the basis of those features*”. Those features correspond largely to categories and sub-categories as defined in the analysis guideline. Kelle/Kluge (1999: 78ff) suggest the following procedure in typological analysis:

1) The relevant dimensions(categories) which maximise the differences between cases shall be found, and all possible combinations of pertinent categories/features (“*Merkmalsraum*”) shall be depicted in a cross-tabulation.

I will resort to an instrument proposed by Liebold and Trinczek (2002: 62) which is useful for cases when the firm as unit is represented by various interlocutors who might give contradictory answers on a certain topic. The authors propose to construct ‘firm profiles’ which condense all information available on the given firm.

2) Afterwards, the cases are assigned to each combination of features.

A first, tentative clustering emerges, and the frequency of occurrence of certain combinations becomes visible. The cases in each cell can be then compared and contrasted, “*in order to describe the thematic order, resp. “social structures”, which caused the assignment of cases to types*” (ibid: 80; own translation).

The cases within each group shall be compared in order to assess the inner homogeneity of each group, and the across-group comparison shall check the external heterogeneity. Those comparisons are conducted at a descriptive level (ibid: 91).

3) On that basis, the search for the “*inner meaning*” and the construction of hypotheses can proceed.

This step serves to reveal both the subjective meaning and the objective meaning in the sense of social rules and structures. In that process, the cases can be reshuffled between groups or excluded from the analysis, new groups can be constructed, the distinguishing categories between groups can be reduced or new categories can be added. (ibid: 91-93).

4) Finally, the emerging types have to be described.

I will use typological analysis in order to single out firm cases for closer depiction (‘good practice’ examples with regard to age management) and to develop an analytical grid which will rank the personnel policy of firms along two dimensions (‘age management
strategy’, resp. ‘muddling through’ as one dimension, and ‘internalisation’, resp.
‘externalisation’ as the other dimension).
3. Institutional and Socio-economic Framework of Early Exit

3.1. Country Models

In chapter 2., I depicted two analytical models. One was centred on the firm level (Fig. 1), the other on the individual worker (Fig. 2). Both are located within the framework of actor-centred institutionalism and depict the process of decision-making with regard to late or early exit from the labour market.

In this section, I want to complement my analysis with an institutional model (Fig. 3). It depicts the way the policy of state actors and the institutional context are translated into firm policies and ultimately result in employment rates and the average retirement age at aggregated national level.

The analytical model is based on the actor-centred institutionalism of Mayntz and Scharpf (1995). That approach advocates a multi-level observation. In my case, I analyse the effect of institutional regulations (macro level) on firms’ personnel policy towards older workers (micro level). The institutional framework constitutes opportunities and restrictions for the action of corporate actors, social partners and individual workers. In turn, the institutional framework is itself influenced by the interaction between firms, social partners and state actors. I however assume that social partners and firms do not have direct influence on institution-forming but exert that kind of influence indirectly, via interrelation with state actors.

The actor composition is different in the case of Poland and Germany. In Germany, works councils negotiate with management the shape of personnel policy by power of the institution of co-determination. Collective agreements set up by external bargaining parties (employers’ associations and trade unions) set minimum standards in that respect. In Poland, branch-level agreements are relatively seldom; therefore the main arena of negotiations takes places within the firm. Here, often several trade unions compete for power and bargain with the management.
I shall analyse the trickling-down of institutional regulations to firms and their translation within the 'black box' of corporate policy into tangible personnel policy measures towards older workers. Those directions of impact are highlighted in the above model (Fig. 3) with a bold arrow. The dash lines depict a phenomenon which will not be the subject of my analysis, namely the way the firms and social partners set agendas for action.
to be followed by the legislator and the way they exert influence on the legislation process and on institutional change. Due to that restriction, my model resembles Windhoff-Héritier’s (1991) approach based on Elster’s (1979: 112-117) ‘two-filter model’.

The structure of the next sections 3.2. and 3.3. will be as follows: The first, descriptive sub-sections will present German and Polish institutions which are of relevance to the prolongation of working life. Focus will be put on old-age pension insurance, disability insurance, passive and active labour market policy. Also structural changes with regard to the labour market and sectoral composition will be described. The statistical sections 3.2.3. and 3.3.4. will analyse how the changes within those institutions (e.g. restricted access to disability pensions) have influenced the inflow into the pension system and prolonged employment and how they have shaped the retirement preferences of Germans and Poles. Those findings will lay the foundations for assessing hypothesis 4.

The descriptive passages about the politics of social partners with regard to retirement transitions (sections 3.2.4. and 3.3.5.) will centre on the model of industrial relations and the impact of social partners within and outside of the firm on various aspects of personnel policy. That will form a basis for delimiting hypothesis 7.

The comparative chapter (section 3.4.) will have an analytic focus. It will depict the institutional and structural barriers and opportunities for prolonged employment and compare Poland and Germany in that respect. On that basis, hypothesis 6 which was expounded in the theoretical section will be tested.

**3.2. Germany – Institutional Profile**

In this section, I will describe the development in the German old-age and disability pension policy and active and passive labour market policy. Only such developments will be discussed which have a bearing on the *pull* factors of early exit. The old-age pension system for miners and for civil servants will not be dealt with.
3.2.1. Overview of Changes in Pension Laws\textsuperscript{12}

The old-age pension, next to the unemployment benefit provided for a longer period to older unemployed (see section 3.2.2.) and diverse forms of the public-private mix in retirement transitions are the main institutions which exert an impact on the externalisation strategies of firms and on the (early) exit decisions of individuals. The next sections will depict in detail the changes that the old-age pension and disability insurance have undergone in Germany.

The multiple subdivisions of the German old-age pension scheme have arisen from the incremental expansion of schemes covering various groups of employees and self-employed (BmAS 2005: 38-83). The core of the system is the obligatory pension scheme for gainfully employed persons (Deutsche Rentenversicherung Bund) and for miners (Knappschaftliche Rentenversicherung). The development of the German pension system is characterised by an expansion of early retirement pensions in the seventies and eighties, and with a subsequent curtailment of those options in the nineties and the current decade (Table 2).

The year 1972 witnessed the introduction of the ‘flexible retirement age’ by the coalition of SPD and FDP and marks the starting date of the trend towards early exit in Germany. The flexible retirement age allowed the receipt of the old-age pension at the age of 63 after 35 years of contribution record, and in case of a severe handicap at the age of 62 (later lowered to the 60\textsuperscript{th} year). The seniority pension was addressed to persons who were worn-out but not completely disabled. Eligible persons have begun utilising those new options in great numbers shortly after introduction (Hoffmann 2007: 299; Ruland 2004: 8), also owing to the initially missing pension deductions. The provision was originally intended to encourage a gradual transition to retirement. But, from the mid-seventies on, unemployment figures have risen to unprecedented levels and the “flexible retirement age provisions... “mutate[d]” into a buffer for labour market policy in the form of a general reduction in retirement ages” (Naschold et al. 1994b: 163).

\textsuperscript{12} This section draws on Aleksandrowicz/Hinrichs 2004. As a source of information on specific reforms, Steffen (2008a, 2008b) was consulted.
Table 2: Crucial pension reforms in Germany since 1972

<table>
<thead>
<tr>
<th>Year of passing</th>
<th>Regulations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972</td>
<td>flexible retirement age at 63 for long-term insured and at 62 for severely handicapped persons</td>
</tr>
<tr>
<td>1984</td>
<td>pre-retirement scheme for persons aged 58+ (valid till the end of 1988)</td>
</tr>
<tr>
<td>1989</td>
<td>curtailment of all early exit options (with the exception of the early old-age pension for the severely handicapped) and introduction of pensions deductions from 2001</td>
</tr>
<tr>
<td>1989</td>
<td>early retirement scheme in the part-time model</td>
</tr>
<tr>
<td>1989</td>
<td>introduction of the partial pension (when earning above a specified threshold before having filled standard retirement age, the pensioner sees his/her pension reduced by $\frac{1}{3}$, by half or by $\frac{2}{3}$)</td>
</tr>
<tr>
<td>1992</td>
<td>early retirement scheme in the blocked model</td>
</tr>
<tr>
<td>1996</td>
<td>shortened phasing-out periods of options to retire before 65 without permanent benefit reduction</td>
</tr>
<tr>
<td>1999 (stopped by the next coalition), 2000</td>
<td>introduction of pension deductions for premature receipt of the old-age pension for severely handicapped and of the disability pension</td>
</tr>
<tr>
<td></td>
<td>abolition of the disability pension for persons incapable to work in their own profession</td>
</tr>
<tr>
<td></td>
<td>closing of the early retirement scheme for new entrants from 2010</td>
</tr>
<tr>
<td>2001</td>
<td>stipulation of a cap on the insurance premium at 20% (2020), resp. 22% (2030)</td>
</tr>
<tr>
<td></td>
<td>introduction of a basic, means-tested security scheme for older persons</td>
</tr>
<tr>
<td></td>
<td>introduction of incentives for voluntary old-age pension provision and for occupational pension schemes</td>
</tr>
<tr>
<td>2004</td>
<td>raising of the eligible age for the old-age pension after unemployment or participation in the early retirement scheme from 60 to 63 years</td>
</tr>
<tr>
<td>2007</td>
<td>raising of the retirement age to 67 starting from birth cohort 1947 (to be completed by 2029)</td>
</tr>
</tbody>
</table>

Source: Steffen (2008b); own modifications.

In contrast to the goal of job promotion that motivated later retirement legislation, those early attempts at lowering the exit age were driven by ideas of work-life balance and humanisation of working life (Keller 1997: 194). Ebbinghaus (2002: 165-167) recognise in those early policies an expansion of social rights and an expression of concern for the health status of burdened occupational groups and of women. Later, he argues, the opportunity to shed labour and to release unemployment has become an unintended consequence of those policies and the reason why the social partners and the government held on to it.

Another milestone on the way to early retirement was the introduction of the early retirement scheme in the blocked model in 1996 (Altersteilzeit; in the following: ATZ or early retirement scheme). It was a continuation of the less popular pre-retirement scheme (Vorruhestand) and of the early retirement scheme in the part-time model. It was introduced as an emergency measure to lower unemployment which had risen to high levels in the 1990s. In that model, the employee may participate in partial retirement for two till five years, six years, if the firm is covered by a respective collective agreement, and up to ten years in the public sector. In the ‘work phase’, the employee works his/her usual weekly hours, and in the ‘free-time phase’ (after half of the partial retirement period has passed), he/she still stays an employee of the firm, but enjoys free-time.

The rationale behind the introduction of ATZ had been to stop the former early retirement practices and to enable a gradual transition to retirement. As most participants in
the early retirement scheme, and firms alike, prefer the blocked model\textsuperscript{13}, the governmental objective has not been fulfilled. Another motive behind the introduction of (blocked) ATZ was to enable a knowledge transfer between younger and older workers.\textsuperscript{14} Furthermore, the government had hoped to decrease unemployment by enabling firms to hire young workers as a replacement for ATZ retirees. That objective accounts for the high popularity of the blocked model in German firms.

Compared to other European countries (Hinrichs/Aleksandrowicz 2005), Germany started relatively early to adjust the pension system to demographic developments and to attempt a reversal of the trend to early retirement incurred by preceding legislation. Worries that a shifting age structure would lead to a raising of the contribution rate to statutory pension insurance resulted in the pension reform of 1989, which went into effect in 1992. In an inter-party compromise, it was agreed that, with the exception of the severely handicapped, in 2012 all provisions to retire before age 65 without benefit reduction shall phase out. Beginning in 2001, retiring earlier should imply a permanent reduction of 3.6 per cent for each year below the standard retirement age. With the same reform, an incentive to defer the pension receipt was introduced by granting a permanent 0.5 per cent bonus per month of deferral. Before, workers could postpone their retirement at a 7.2 per cent bonus, which was however only granted for up to two years and therefore not very attractive (Casey 1998: 18).

The political consensus on pension reform broke in the forefront of the next law, the Growth and Employment Promotion Act passed in 1996 and effective from 1999. In the context of active ageing, the most important change were shortened phasing-out periods of options to retire before age 65 without permanent benefit reduction. This bill meant a decisive departure from the previously held conception that sending older workers into voluntary early retirement was an acceptable way to prevent rising unemployment figures of young and middle-aged workers.

The Pension Reform Act of 1999 (legislated in 1997 by the CDU/CSU-FDP government) also contained some controversial elements: In order to raise the actual age of

\textsuperscript{13} A survey of personnel and works councils of 1999/2000 showed that 47\% of private companies and 20\% of public offices allowed only for the blocked model of part-time retirement (Klammer, 2003: 43); 90\% of workers utilise that model (Teipen/Kohli 2004: 102).

\textsuperscript{14} As Stück (2003) found out in his empirical studies on the take-up of part-time retirement in firms in Bremen, new workers seldom occupy the same position as the person in part-time retirement, so there is no real knowledge transfer taking place.
entry into retirement, the old-age pension for the severely handicapped and the disability pension were taken into focus which had for a long time invited evasive strategies of persons trying to avoid permanent benefit reductions. For the receipt of the old-age pension for severely handicapped persons between the age of 60 and 63, permanent deductions were introduced. With regard to disability pensions, the delineation between the disability pension for persons with general incapacity to work (Erwerbsunfähigkeitsrente) and the disability pension for persons incapable to work in their profession (Berufsunfähigkeitsrente) was replaced with the full or partial work incapacity pension (Erwerbsminderungsrente). However, due to objections of trade unions and Social Democrats, the newly elected Red-Green government postponed the restrictions in disability pensions and old-age pensions for the severely handicapped to the year 2000 and introduced transitory periods. The controversial elements were passed at last in 2001, and ATZ was closed for new entrants from 2010.

In 2007, a law raising the retirement age to 67 (Rentenversicherungs-Altersgrenzenanpassungsgesetz) was legislated despite fierce opposition from unions and counterarguments from scholars who claimed that the reform will undermine the adequacy of pension income (Nürnberger 2007, Bäcker 2006, Brussig/Knuth 2007). The proponents saw the reform as a step in the direction of an increase of the factual retirement age and as solution for the financial strain on the German pension system (Reimann 2007; Köhler 2007; BDA 2007). The higher retirement age will be phased in for persons born between 1947 and 1963 in two paces: by one month per year of birth till 2023, and by two months from 2024 till 2029.

The presented reform elements introduced several pathways of early exit in the German old-age pension and disability pension system. A `pathway of early exit´ can be understood as

“an institutional arrangement or – in most cases – a combination of different institutional arrangements that are sequentially linked to manage the process of transition to retirement, that is, the period between exit from work and entry into the normal old-age pension system” (Jacobs et al. 1991: 198).

Jacobs et al. distinguish between the `unemployment pathway´, `the pre-retirement pathway´ and the `health pathway´, hereby counting early retirement pensions as located within `the normal old-age pension system´. Ebbinghaus, in turn, recognises six pathways (2002: 134ff), as the utilisation of the early retirement pension is linked to a different motivation and employment history than the standard retirement pension – the early pension
pathway, the flexible and partial pension pathway, the special pre-retirement pathway, the unemployment pathway, and the disability pathway.

The standard old-age pension is available at the retirement age of 65 years and after a minimum contribution period of five years. Persons who have been insured for 35 years can claim the seniority pension (‘flexible retirement age’) which is available at the age of 63, albeit with permanent deductions of 0.3 per cent for every month of earlier take-up. Women born before 1952 are entitled to the old-age pension for women available at the age of 60 after a contribution period of 15 years (with permanent deductions). This pension was introduced in 1957 in order to allow couples to retire together (Jacobs et al. 1991: 190). The raising of the pensionable age set into practice with the pension reform of 1992 was a response to European Court of Justice rulings on equal treatment in public and private pensions (Ebbinghaus 2002: 248). Persons who are severely handicapped can apply for the old-age pension at the age of 60 after a qualifying period of 35 years. The standard retirement age for that pension is 63 years, so their benefit is reduced for every month of earlier take-up, with the exception of transitory periods for persons born before 1944. The old-age pension after unemployment was introduced in 1957. The motive behind it was supporting older workers who were especially affected by long-term unemployment and faced difficulties with return to work (Jacobs et al. 1991: 202). Persons born before 1946 can apply for that pension after completion of their 60th year. For persons born between 1946-1952, the pensionable age was raised stepwise from the age of 60 to 63. Table 3 depicts the currently valid retirement pathways and pensionable ages within the public pension scheme.

A disability pathway is constituted by the subsequent use of sickness benefit (provided by the firm for the first six weeks of an illness or after an accident and by the health fund for up to one year and a half) and of the disability pension (Jacobs et al. 1991: 199). Since the reform of 2001, disability pensions are granted for three years, after which a re-assessment of the health status is undertaken. The new system distinguishes between the full disability pension granted when the applicant is able to work less than three hours daily, and the partial disability pension, if the applicant is able to work less than six hours daily. As a disincentive to early retirement via the disability pension, deductions of 0.3% per month are

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15 Those bonus/malus rules are actuarially neutral in the sense that they cover the loss or rise in the income of DRV due to earlier or deferred retirement (Hoffmann 2007: 300). However, for those rules to be neutral with regard to the incentives or disincentives to continued work they may pose (anreizneutral), the current amount of 3.6 per cent per year should rise by half (Hinrichs 1998: 19).
levied on persons who take up the pension between their 60th and 63rd year of age. Recipients of the pension who are younger than 60 have to bear a permanent lump-sum malus of 10.8 per cent.

Table 3: Retirement pathways and pensionable ages in Germany as of Jan. 2008

<table>
<thead>
<tr>
<th>Pensionable age</th>
<th>60</th>
<th>61</th>
<th>62</th>
<th>63</th>
<th>64</th>
<th>65</th>
<th>66</th>
<th>67</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement pathway</td>
<td>Full pension (for persons born before 1947)</td>
<td>Full pension (for persons born before 1948)</td>
<td>Deductions of up to 7.2% (full pension for persons born before 1949)</td>
<td>Deductions of up to 3.6% (full pension for persons born before 1950)</td>
<td>Deductions of up to 10.8% (full pension for persons born before 1959)</td>
<td>Full pension for women born before 1950</td>
<td>Full pension for women born before 1951</td>
<td>Full pension for women born before 1952</td>
</tr>
<tr>
<td>Standard old-age pension</td>
<td>Deductions of up to 7.2%</td>
<td>Deductions of up to 10.8%</td>
<td>Deductions of up to 7.2%</td>
<td>Deductions of up to 3.6%</td>
<td>Deductions of up to 10.8%</td>
<td>Deductions of up to 7.2%</td>
<td>Deductions of up to 3.6%</td>
<td>Deductions of up to 10.8%</td>
</tr>
<tr>
<td>Seniority pension</td>
<td>Deductions of up to 7.2%</td>
<td>Deductions of up to 10.8%</td>
<td>Deductions of up to 7.2%</td>
<td>Deductions of up to 3.6%</td>
<td>Deductions of up to 10.8%</td>
<td>Deductions of up to 7.2%</td>
<td>Deductions of up to 3.6%</td>
<td>Deductions of up to 10.8%</td>
</tr>
<tr>
<td>Old-age pension for women (for women born 1952 or later)</td>
<td>Deductions of up to 10.8%</td>
<td>Deductions of up to 14.4%</td>
<td>Deductions of up to 10.8%</td>
<td>Deductions of up to 7.2%</td>
<td>Deductions of up to 3.6%</td>
<td>Deductions of up to 10.8%</td>
<td>Deductions of up to 7.2%</td>
<td>Deductions of up to 3.6%</td>
</tr>
<tr>
<td>Old-age pension for the severely handicapped</td>
<td>Deductions of up to 10.8%</td>
<td>Deductions of up to 14.4%</td>
<td>Deductions of up to 10.8%</td>
<td>Deductions of up to 7.2%</td>
<td>Deductions of up to 3.6%</td>
<td>Deductions of up to 10.8%</td>
<td>Deductions of up to 7.2%</td>
<td>Deductions of up to 3.6%</td>
</tr>
<tr>
<td>Old-age pension after unemployment and partial retirement (from 2012)</td>
<td>Deductions of up to 10.8%</td>
<td>Deductions of up to 14.4%</td>
<td>Deductions of up to 10.8%</td>
<td>Deductions of up to 7.2%</td>
<td>Deductions of up to 3.6%</td>
<td>Deductions of up to 10.8%</td>
<td>Deductions of up to 7.2%</td>
<td>Deductions of up to 3.6%</td>
</tr>
<tr>
<td>Super-seniority pension (from 2012)</td>
<td>Deductions of up to 10.8%</td>
<td>Deductions of up to 14.4%</td>
<td>Deductions of up to 10.8%</td>
<td>Deductions of up to 7.2%</td>
<td>Deductions of up to 3.6%</td>
<td>Deductions of up to 10.8%</td>
<td>Deductions of up to 7.2%</td>
<td>Deductions of up to 3.6%</td>
</tr>
</tbody>
</table>

As a form of a “public-private mix” (Ebbinghaus 2002: 137), on company level another form of early exit was used, in agreement with the older workers themselves. It combined the receipt of the unemployment benefit (used as a ‘bridging pension’) and of the old-age pension after unemployment with generous payments by the firm. The so-called ‘59 rule’

16 For persons in this age bracket, the pensionable age will be raised by one month, i.e. persons born in 1947 can retire at the age of 65 years and one month and so on (Reimann 2007: 184).

17 For those birth cohorts, the pensionable age will be raised in two-month steps, i.e. persons born in 1959 can retire at the age of 66 years and two months and so on (ibid).
was utilised already since the late seventies in times of high unemployment. Due to the prolonged period of receipt of the earnings-related unemployment benefit and the release of unemployed aged 58 and more from the obligation to seek work, this exit pathway could start as early as at the age of 57 years and 4 months. The employer dismissed the older worker or signed a cancellation agreement and granted him/her a severance payment bridging the period until the receipt of the unemployment benefit and a smooth transfer to an early retirement pension at the age of 60. Several provisions instituted since 1997, and completed in 2004 (see section 3.2.2.) have made the ‘59 rule’ less attractive to employers and employees.

The dividing line between the ‘59 rule’ and the statutory pre-retirement scheme (Vorruhestand; see section on pension reforms) was blurred in many branch regulations (Kühlewind 1988: 56)\(^{18}\), especially when the instrument was extended to a ‘company-based pre-retirement scheme’ (betrieblicher Vorruhestand) and freed of the obligation to hire a successor (Voges 1988: 67-68). It was thus a classic example of ‘instrument substitution’ in the meaning of Casey (1989). Statutory pre-retirement and the ‘59 rule’ also differed in the locus of control – while the latter was often more attractive to workers in financial terms, only the first gave them control over the exit process. This accounted for the dislike of employers for pre-retirement (Jacobs et al. 1991: 209-211). Companies incurred lower costs when utilising the ‘59 rule’ (Oswald 1999: 215). The locus of control is related to the question of voluntary vs. enforced exit. Statutory early retirement pensions, the pre-retirement and the early retirement scheme entail a (larger) freedom of choice on part of the employee. With regard to the 59 rule, the unemployment and the health pathway, the delimitation between employee’s choice and firms’ enforcement is fuzzy (Jacobs et al. 1991: 202-204; Wurm et al. 2007: 81).

The early retirement scheme may be utilised past 2010, although the reimbursement of increased salary by the employment office expires by that date. The companies may, however, still profit from the exemption of the increased part of the salary from tax and social contributions (Hanau/Rolfs 2008: 19).

Occupational pensions in Germany have not yet constituted a pathway into early exit as is the case in residual welfare states (U.K., USA, Japan and Ireland; Ebbinghaus 2002: 193ff). As of June 2004, 42 per cent of gainfully employed women and 47 per cent of

\(^{18}\) Legal differences were that the pre-retirement scheme was subject to contribution payment and that it was tax-free.
gainfully employed men were covered by an occupational pension scheme (BmAS 2005: 112). The take-up age is bound to the receipt of a statutory old-age pension.

As the overview has shown, the reform measures from the seventies till the mid-nineties were characterised by an expansion of opportunities for early exit. The social security systems took on the role of easing the labour market pressure. That trend started with the introduction of the ‘flexible retirement age’ in 1972 and was completed with the introduction of the early retirement scheme in the blocked model. Only in 1996 did the legislator in Germany enter the retrenchment track in view of fiscal strain on the public pension system and of demographic change. This happened by the introduction of pension deductions and by lowering the target pension level. This was a decisive departure from the former de-activation and externalisation policy.

A new risk awaiting oncoming generations of pensioners will be old-age poverty due to falling target pension levels and insufficient utilisation of additional sources of old-age income (FMoHSS 2005: 18-20). The recent reforms pose therefore a strong incentive to continued employment and additional saving. In time, the employment and retirement figures in Germany have started keeping up to the expectations of the legislator, as section 3.2.3. will show. In the future, the falling replacement ratio from the main pension pillar will make private and occupational pensions more important as complementary income sources but not as separate exit pathways.

The basic protection for needy older people and for the disabled established in 2002 may serve as a disincentive to prolong working life and to invest in private pensions, as it is subject to means-testing. Especially the utility function of low-income earners is thereby altered.

The variety of pathways within the German social insurance systems are complemented with pathways set up in a public-private partnership between social partners, employers and the state. The costs for early exit are mainly shifted to the public purse, as the more frequent utilisation of the ‘59 rule’ than of the pre-retirement scheme distinctly shows. The locus of control on part of the employers in case of the ‘59 rule’ also plays a role here. In contrast, the part-time model of ATZ and the partial pension are unpopular; inter al. due to the dislike of both employers and employees for part-time work.
3.2.2. Overview of Changes in Labour Market Laws

The introduction of pension deductions, the raising of retirement ages and restricting access to disability pensions is one way to tackle the issue of early exit. Another one is to modify the levers of labour market policy which, on the one hand, regulate the access to the unemployment pathway and, on the other hand, mobilise financial resources in order to retain older workers on the labour market.

Labour market policy in Germany has developed along similar routes as pension policy. Till the middle of the nineties, there existed a joint consent among the policy-makers, social partners and the individual workers that early retirement was a tool to combat labour market problems, especially among younger people. When older workers were considered as a target group, it was with the goal to fight (long-term) unemployment. Older workers “have been regarded more as a target group for cost-reduction initiatives and less as an important target group for active labour market policies” till a “change in paradigm concerning older workers’ issues” occurred at the end of the nineties prompted by the concern about the looming labour and skill shortage and the pressure on public sector funding (Naegele 2002: 223). That paradigmatic change was the shift of the focus to active labour market policies accompanied with the curtailment of early exit options.

In the following, I will first expound passive labour market policy, which constituted an early exit pathway via unemployment, and then turn to activating measures as an element of the trend reversal and the turn towards longer working lives. The last paragraphs will deal with labour market laws which have an impact on the employment relationship and may constitute a barrier to re-employment, like seniority rules and protection against dismissals.

The unemployment protection in Germany grants an earnings-related unemployment benefit (Arbeitslosengeld I, in the following: unemployment benefit or AL-Geld I) – to persons who had been gainfully employed for at least 12 months – and a means-tested lump-sum unemployment allowance (AL-Geld II) after exhaustion of the maximum period of receipt of the first one. Between 1985 and 1987, laws were issued which, as a final result, extended the maximum period of receipt of the unemployment benefit for persons aged 54 and older to 32 months (before, there was a uniform maximum eligibility period of 12 months). Moreover, older workers from the age of 58 on were since 1986 released from the obligation to actively seek work (‘facilitated receipt of unemployment benefit’ according to §428 of Social Code III). In 1998, 20 per cent of all unemployed West Germans aged 58-64
made use of this provision. By 2003, this share had risen to 70 per cent (Büttner et al. 2005: 7). Workers endangered by unemployment in companies undertaking personnel adjustment processes (e.g. due to partial closure) are entitled to ‘structural short-time working allowance’ (Strukturkurzarbeitergeld; §216b SGB III) and are obliged to undertake requalification measures in order to find a new job. From 2005, the allowance can be received for one year (instead of two years as before).

In combination, those three provisions had brought onto way the ‘59 rule´ utilised on a great scale by German companies to release workers (see section 3.2.1.). Since the middle of the 1990s, attempts were undertaken to stop this procedure. Firstly, the eligible age for the maximum period of receipt of unemployment benefit was raised to 57 in 1997. Secondly, from 1993 on, companies have to pay back the unemployment benefit for dismissed older workers for a period of up to 32 months (§147a SGB III).19 Thirdly, § 428 SGB III was to expire by February 2006 (but has, in fact, been prolonged to the end of 2007). Fourthly, the pensionable age for the old-age pension after unemployment was raised to 63 years. And fifthly, the worker incurs a loss of unemployment benefit for several weeks if he/she consented to the dismissal and, since 1998, sees his unemployment benefit reduced by the amount of the severance payment.20

The break with the unemployment pathway and with the ‘59/57 rule´ was complete after the Law on Labour Market Reforms of 2004 which shortened the maximum period of receipt of AL-Geld I for workers ‘55+’ to 18 months by February 2006, and the introduction of a lump-sum AL-Geld II in place of the previously earnings-related benefit. However, due to the ongoing impasse on the German labour market, the grand CDU/SPD coalition prolonged again the period of receipt of AL-Geld I to 24 months for persons aged 58+ with retrospective effect from 1\textsuperscript{st} January 2008.

Since the middle of the nineties, labour market policy in Germany has been characterised by a trend towards ‘activating’ the unemployed (Buchegger-Traxler et al. 2003: 38). That trend has exposed job-seekers to more strict control and to more severe

19 The § 147a SGB III was first introduced in 1982 and tightened up in 1985 in order to make the pre-retirement scheme more attractive as alternative to the ‘59 rule´ (Kühlewind 1988: 55-56). The law had little impact on firms’ behaviour, as only about one in every 100 firms dismissing workers aged 56+ were affected (Teipen 2003: 88-89; OECD 2005: 118). The provision expired by the end of 2007.
20 Firms could prevent this by dismissing older workers due to operational reasons in cooperation with the works council (Oswald 1999: 203).
criteria of what jobs are they are supposed to accept. Job placement in the regular and not in the subsidised labour market has acquired a higher priority.

An expression of the activation trend is the programme „Initiative 50 plus“ launched in 2002 with the Job-AQTIV Act and subsequent acts and revived in 2006. It introduced ’integration grants‘ (wage costs subsidies for employers when hiring unemployed ’50pluses‘), qualification vouchers for persons in SME, facilitated opportunity to conclude temporary contracts with persons aged 52 and over21, and earnings subsidies granted to ’50pluses‘ who take up a lower-paid job (BmAS 2006c). Factually, only the integration grants generated positive effects on the recruitment chances of older unemployed, predominantly in Eastern Germany (Zwick 2006: 161-2). Other measures were largely unknown by the firms, and even by job placement officers (BmAS 2006b: xviii-xix; Eichhorst 2006a: 108).

Another form of intervention of the German state in the regulation of the work contract is its legislation on Flexible Working Time Regulations from 1998. With this law, the legislator created incentives to install life-time work accounts. They may be inter al. used for training purposes, for gradual or early exit. In contrast to long-time work accounts, life-time work accounts are protected against insolvency.

Compared to other OECD countries, Germany has a strong legal and collectively agreed protection against dismissals (OECD 2005a: 116-8). Since 1969, it covers workers with an unlimited work contract and with a work history of at least six months in firms with more than ten (till 2004, more than five) employees; the period of notice rises with tenure. Those workers can only be dismissed for indiscipline or due to operational reasons in connection with a looming insolvency or mass redundancies. In a redundancy payments scheme drawn for this reason, the employer has to consider the criteria of age, seniority, dependants, severe disability and efficiency. The last criterion, introduced in 2004, has opened the way to shield younger workers from dismissals and exposed older workers to that risk, as the criterion of ’job prospects‘ closely connected to age was simultaneously dismantled (Thora 2004: 11).

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21 After an appeal by the European Court of Justice on grounds of ageism, the legislator included the rule that the worker had had to be unemployed for at least four months and the temporary contract may not be extended beyond five years.
The EU anti-discrimination directive (Directive 2000/78/EC) was transformed into German law only at the end of 2006. In apprehension, the German public sector has already changed its pay scale from an age-based to a tenure-based one. Additional holidays, preservation of the reached income level in cases of downgrading, and shorter working hours will be challenged by the new law (Kocher 2005: 316). However, the German legal practice justifies several exemptions from the Directive:

- the ruling that employment ends at completion of the eligible age for the standard retirement pension present in many collective agreements, works council agreements and individual work contracts can be still justified on grounds of public security and the preservation of a balanced age structure of the workforce (Kocher 2005: 307, 314; Ruppert 2006: 22). Nevertheless, the anti-discrimination legislation may strengthen opposing arguments stressing the freedom of choice with regard to the workplace and to the profession (Waltermann 2006: 142-3);

- well-founded age limits in job ads and recruitment practice are still possible, e.g. for trainee and apprentice programmes. Some lawyers even claim that the mismatch with the age profile of customers can justify the exclusion of older/younger applicants (Kocher 2005: 316);

- during mass lay-offs connected with redundancy payment schemes, a different treatment of younger and older workers is still justified due to worse job prospects of the latter (Kocher 2005: 312, 317).

To sum up: A positive trend in German labour market policy is the reversal from de-activating measures like the facilitated receipt of the unemployment benefit (§248 Social Code Book III) and the turn to activating measures. However, older unemployed and older workers are still insufficiently included in active labour market policies and overly cumulated in passive labour market policies. Only 12.5 per cent of registered unemployed aged 50+ receive active labour market services, compared to 22.5 per cent of those younger than 50 (Bach 2006: 75). Only 12.3 per cent of older unemployed profit from further vocational training and only 7.5 per cent from qualification vouchers (Frerichs 2006: 37). This impedes their chances for continued employment and for finding a new job (Eichhorst 2006b: 78-79). Especially problematic is the low investment in further vocational training, both that provided by the employment office and by companies (OECD 2005a: 127-9; Eichhorst 2006b: 75-76).

The anti-discrimination legislation has so far not altered the age limits in work contracts and the practice in redundancy payments schemes. The legislation might therefore stay a mere paper tiger in many ways. Job advertisements are however formulated in an age-neutral way and this might encourage more applicants past the age of 49.
With regard to the legal and collectively agreed protection against dismissals, the assessment is equivocal: The OECD (2005a: 116) sees it as impediment to a more flexible recruitment policy (see also Eichhorst 2006a: 107-8 in the same vein). Some scholars argue that job protection increases costs related to laying-off older workers and without this protection, older workers already on the job would run a higher risk to lose it, while the job promotion effects would be negligible (Aust/Kremer 2007: 119-120; Naegele 1992: 379). The dismissal protection also fosters human capital investment (Bosch/Knuth 2003: 137; Eichhorst 2006a: 107), as it raises the probability that the workers will utilise the new qualifications in the same firm.

### 3.2.3. Impact of Institutional and Structural Changes on Retirement Transitions and Employment

The analytical model depicted in Figure 3 asserts an impact of institutional regulations which bring about a specific pension and labour market policy on the one hand, and a specific system of industrial relations on the other hand, on firm behaviour. The agency of firms – the way they translate institutional regulations into company practice – is a ‘black box’ so far, and will be elucidated on concrete firm examples in chapters 4.2.-4.4. In this section, I will present and discuss the final result of that ‘translation’ mechanism – aggregate statistical indicators on the timing of exit and labour force participation. At the end of this section, hypothesis 4 will be tested.

Pension reforms (as depicted in section 3.2.1.) have shaped exit preferences of workers which, in combination, set opportunities and restrictions for firms to regulate the exit of older workers. The introduction of the flexible retirement age in 1972 with the purpose of ‘humanisation of working life´ initiated the trend towards early retirement. The acceptance of a lower age of exit by workers gave rise to firms´ interest in that option for solving labour market problems, as they could rely on a collusion of interests.

Table 4 below depicts how the average age of pension take-up has developed in the last decades. The table shows that the average retirement age declined by 1.7 years between 1970 and 2000 and has risen afterwards. The downward trend in the disability pension scheme was steepest, and still continues.
Table 4: Average age of take-up of pensions in Western Germany, 1970-2006

<table>
<thead>
<tr>
<th>Year</th>
<th>old-age pension</th>
<th></th>
<th></th>
<th>disability pension</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Men</td>
<td>Women</td>
<td>Total</td>
<td>Men</td>
<td>Women</td>
</tr>
<tr>
<td>1970</td>
<td>64.3</td>
<td>65.2</td>
<td>63.3</td>
<td>58.3</td>
<td>57.7</td>
<td>59</td>
</tr>
<tr>
<td>1975</td>
<td>63.6</td>
<td>64.1</td>
<td>63.0</td>
<td>57.8</td>
<td>56.3</td>
<td>59.2</td>
</tr>
<tr>
<td>1980</td>
<td>62.2</td>
<td>62.5</td>
<td>61.9</td>
<td>56.1</td>
<td>54.4</td>
<td>57.7</td>
</tr>
<tr>
<td>1985</td>
<td>62.8</td>
<td>62.7</td>
<td>62.9</td>
<td>53.9</td>
<td>53.7</td>
<td>54.3</td>
</tr>
<tr>
<td>1990</td>
<td>63.2</td>
<td>62.8</td>
<td>63.5</td>
<td>53.4</td>
<td>53.8</td>
<td>52.6</td>
</tr>
<tr>
<td>1993</td>
<td>63.3</td>
<td>62.9</td>
<td>63.7</td>
<td>53.4</td>
<td>53.9</td>
<td>52.2</td>
</tr>
<tr>
<td>1995</td>
<td>63.0</td>
<td>62.6</td>
<td>63.3</td>
<td>52.8</td>
<td>53.4</td>
<td>51.5</td>
</tr>
<tr>
<td>2000</td>
<td>62.6</td>
<td>62.4</td>
<td>62.8</td>
<td>51.8</td>
<td>52.6</td>
<td>50.5</td>
</tr>
<tr>
<td>2005</td>
<td>63.4</td>
<td>63.3</td>
<td>63.5</td>
<td>50</td>
<td>50.6</td>
<td>49.3</td>
</tr>
<tr>
<td>2006</td>
<td>63.4</td>
<td>63.4</td>
<td>63.4</td>
<td>50.1</td>
<td>50.7</td>
<td>49.3</td>
</tr>
</tbody>
</table>

Source: DRV 2007 (99-100).

The factual retirement age within statutory old-age pension scheme pension scheme in Germany is 63.3 years for men and 63.2 years for women. The phenomenon of higher average retirement ages of women compared to that of men (between 1984 and 2005) is a rare one among OECD countries and related to the long career breaks of women after childbirth due to which they do not reached the longer insurance period required by the old-age pension for women (OECD 2005a: 74). Between 2002 and 2003, the percentage of persons taking up a pension at the age of 65 has risen and has remained constant afterwards, while less and less 60- and 61-year-olds are claiming a pension (including disability pensions; Brussig/Wojtkowski 2006: 11). That development can be ascribed partly to demographic developments (larger amount of baby-boomers in older age cohorts till 2001), but a clear effect of pension deductions is also visible (ibid: 1, 14; Büttner/Knuth 2004:10). Evasive movements between different kinds of pensions become apparent in Figures 4 and 5.
Figure 4: Inflows of men into the pension system, Western Germany


Figure 4 starts with the moment when the newly introduced seniority pension (‘flexible retirement age’) started attracting new pensioners due to worsened labour market situation. The disability pension, the most significant way of exit in the 1970s, has by and by lost in importance. The increased take-up of the old-age pension after unemployment can be explained solely with economic developments, and there had been no rule changes till 1992. After 2000, the relative inflow rates into the old-age pension after unemployment and into the disability pension claimed at the age of 50+ of West German men started decreasing. Thus, no evasive strategies into disability pensions could be observed (Hoffmann 2007: 206) but, on the contrary, the disincentives installed in the pension reform of 2001 started to show effects (Brussig/Wojtkowski 2006: 6) and the old-age pension re-gained quantitative importance. However, since 2004, the old-age pension after unemployment and the hazard rates for 60-year-olds are again on the rise, possibly as an evasive reaction due to the stricter rules for the receipt of AL-Geld II (Brussig/Wojtkowski 2006: 14; Büttner et al. 2005: 9).
Figure 5: Inflows of women into the pension system, Western Germany

The inflow of West German women into the pension system shows a quite different picture (Fig. 5). It was mainly concentrated on three types of pensions: disability pensions were prevalent among women with a short contribution period, that pathway was however blocked by a change in qualifying conditions in 1985 (Jacobs et al. 1991: 188). As simultaneously the contribution period required for the standard old-age pension was lowered from 15 to five years and women were credited with one contribution year per each child, the inflow of women was channelled to that pension which significantly raised the exit ages (ibid: 188-9). Finally, the old-age pension for women started gaining significance in the 1960s and especially in the 1980s as more women participated in the labour market for longer periods of time and could meet the eligibility criteria for this type of pension. Take-up rates of the old-age pension for women in West Germany have started falling in 2000, when pension deductions at the age of 60 started taking effect (Büttner/Knuth 2004: 5).

Since 1997, persons retiring before the standard retirement age incur permanent deductions of 0.3 per cent per month (with the exception of transitory rules and different regulations with regard to the old-age pension for women and for the severely handicapped). Those deductions serve as a disincentive to early retirement and are responsible for the rise
of the average retirement age by one year when compared to the situation before the reform (Table 4). Figure 6 shows that the number of persons affected by pension deductions has risen considerably between 2000 and 2007, and the number of persons who may take up an old-age pension or a disability pension without (or with lower) deductions is continuously falling.

**Figure 6: Inflows into the pension system with deductions**

![Inflows into the pension system with deductions](image)

*Source: Reimann 2003: 43; DRV 2008 (courtesy of Ralf Himmelreicher).*

*Persons with protection of acquired rights = Persons who belong to the birth cohorts affected by actuarial deductions, but who for various reasons are exempted from deductions, e.g. if they had been already severely handicapped or unemployed when the rules came into force or have been insured for 45 years (Brussig 2007: 6).*

In the year 2006, 48.5 per cent of workers aged 55-64 years were employed (gainfully employed or self-employed). Since 2000, this indicator has risen by eleven percentage points. In the second quarter of 2007, the employment rate of 52 per cent has already exceeded the Stockholm target according to standardised European LFS data (BA 2007: 5). However, the employment rate of men aged 55-64 (56.5%) is well above women’s employment rate (40.6%), and the employment rate of older workers (48.5%) is well below the employment rate for prime-aged workers of 25-54 years of age (78.8%). The employment rates have also developed differently for subgroups of workers above 49 years, as Figures 7 and 8 show.
The employment rate of older males has dropped significantly in the period under question. The effect was most pronounced in the age range 60-64 years – a drop from 70 to 26 per cent between 1970 and 1995. The employment rates of older German men have been largely contingent on both structural and institutional developments. With regard to the employment rates of men aged 55-64, an upward development can be noticed since the middle of the nineties. This can be attributed to the impact of the early retirement disincentives which started taking effect since 1997.

The employment rates of older German women have decreased between 1970 and 1985 only in the two highest age groups (Fig. 8). This development is a reflection of the rising female labour force participation rates which set off in the mid-eighties (Hinrichs 2002: 260; Brussig et al. 2006: 48) and is therefore a clear cohort effect.

Source: OECD, data from European Labour Force Survey. Data prior to 1992 refer to Western Germany only.
The rising labour force participation of older Germans since 1996 cannot be reduced to the higher participation rates of German women but is equally an effect of first restrictions with regard to early retirement (Büttner 2005b: 6). However, the rising participation and employment rates of older Germans can be partially explained with the expansion of part-time work, of marginal, uncovered employment ("Minijobs") and of the early retirement scheme in the blocked model (Büttner 2005b: 8; Abschlussbericht… 2007: 7). Till the end of 2006, over one million people have utilised ATZ (DRV 2008: 85), only half of them co-financed by the employment office (IG Metall 2007: 3).

Institutional changes exert also an impact upon exit preferences of individual workers. The available institutional trajectories shape the expectations about the timing of (early) exit and may contribute to an ‘early retirement culture’. Conversely, closed exit pathways will in time shape individuals’ notions about the optimum timing of withdrawal from the labour market. Those shifts can be read off from the results of the Ageing Survey conducted in 1996 and repeated in 2002 which focused on persons aged 40 to 59 (Table 5).^22

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Figure 8: Employment rates of older German females (in %), 1970-2006

Source: as above.

^22 The following paragraphs partially draw on Aleksandrowicz/Hinrichs (2004).
Table 5: Planned average age of exit from the labour market

<table>
<thead>
<tr>
<th></th>
<th>1996</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>61.6</td>
<td>62.0</td>
</tr>
<tr>
<td>Women</td>
<td>60.1</td>
<td>61.1</td>
</tr>
<tr>
<td>Total</td>
<td>61.1</td>
<td>61.6</td>
</tr>
</tbody>
</table>


Between 1996 and 2002, the planned age of exit has on average risen by half a year, more pronounced in the case of women. Engstler (2004: 12-13) explains that phenomenon with the stepwise expiry of the retirement option for women at the age of 60. Similar adaptations of the expected retirement age were recorded by Esser (2005: Appendix A), who analysed two Eurobarometer surveys.

Pension reform debates since the 1990s have also diminished confidence in the public pension scheme. Nowadays, a majority of employees expects lower pension benefits and perceives increased insecurity as to whether one will be able to actually retire at the preferred age. Between the two survey waves, the preference for an early exit (at age 60 or earlier) has dropped from 52.1 to 37.2 per cent (Engstler 2004: 10). At the same time, the uncertainty as to one’s retirement plans has risen. Whereas in 1996 18.5 per cent of respondents answered the respective question with ‘don’t know’, six years later, already 32.6 per cent answered in that vein.

Retirement plans are a solid indicator for actual retirement behaviour. Since the Ageing Survey included a panel of respondents it could be shown that among those who in 2002 had already reached the planned retirement age they mentioned in 1996, only 18.8 per cent were still gainfully employed but 76.5 per cent had retired. 60 per cent of those belonging to the latter group had done so maximally one year earlier or one year later than they indicated in the 1996 survey (Engstler 2004: 15-7).

The statistical analysis in this chapter has shown that institutional changes affect the labour market behaviour of individuals. The downward trend in the average retirement age has been halted, and more workers retire at the age of 63 instead of 60. Germany has already fulfilled the Stockholm target with an employment rate of 52 per cent among the 55-64-year-olds. This has been, besides of some side-effects of demographic developments, the effect of malus rules in case of early retirement. The effect of the shortened (albeit afterwards partly restituted) duration of payment of the unemployment benefit for older unemployed and of the cancelled § 428 Social Code III remain to be seen in the future.
Institutional changes have also had an impact upon retirement transitions in qualitative terms. Whenever rules of entry to a certain old-age pension have been modified, evasive reactions to other pension types or to the disability pathway could be noticed. This process can be read off from the gender-specific retirement and early exit pathways following the most favourable rulings. While the inflow of men spread among various types of pensions, women most often took up the old-age pension for women and the standard old-age pension.

Also, the individual retirement preferences of workers react to institutional changes. The introduction of the pre-retirement scheme, the flexible retirement age and the early retirement scheme has created an early retirement culture and altered the previously negative reputation of early exit (Kohli et al. 1988: 2-3). A reversal of the attitude is much harder to accomplish, but two waves of the Ageing Survey and of the Eurobarometer have recorded an adaptation of the expected or planned retirement age to changed rules.

A qualification of the above arguments is the fact that the rising employment rates of older workers are partly due to the emancipation of women and to the expansion of irregular and uncovered forms of employment. Also, retirement at 65 is still seldom, and a large amount of retirees rather come to terms with pension deductions instead of postponing retirement. The growing polarisation among new retirees reflects their different labour market chances and health status (Bäcker 2006: 8ff; Knuth et al. 2006: 309; Henke 2000: 204-5, 209). The unemployment pathway and the exit via pre-retirement/early retirement scheme on the basis of redundancy payments schemes implies a less voluntary decision than is the case when following pull incentives (Wurm et al. 2007: 81) – and thus, a lesser receptiveness to institutional changes.

Moreover, the trend of falling retirement ages and employment rates has been halted, but a complete trend reversal – i.e., a return to the situation before the introduction of the flexible retirement age – has not come about.

Yet, despite those qualifications, hypothesis 4 (see section 2.3.) is herewith supported in the case of Germany. The impact of institutional changes upon retirement preferences of Germans and upon their actual exit patterns can be clearly read off from the aggregate, statistical level.

3.2.4. Politics of Social Partners

The social partners at branch level – trade unions and employers’ associations – are mediators between legislative regulations and their implementation at firm level. Works
councils, in turn, are partners of the management in negotiations at firm level (see Fig. 4). Trade unions were the initiators of ‘humanisation of working life’ in the 1980s, and campaign for health-conducive working conditions also nowadays (Graf 1988; Pickshaus 2003). While legal standards are binding e.g. with regard to working hours, health and safety rulings, job protection, or minimum period of notification in case of dismissals, collective agreements usually set more favourable rules (Visser/Van Ruyssefeldt 1996: 145). Although most establishment-level, company and collective agreements lack a reference to age, already basic regulations in such areas as early retirement schemes, working hours, occupational safety, further training, and health management may foster (or thwart) the prolongation of working life.

The following chapters will describe the scope of powers exerted by social partners in Germany. This will serve as a basis for understanding the institutional framework within which German companies operate and the cooperation between the management and employees’ representatives in the studied companies (section 4.2.).

The system of industrial relations determines the opportunity structure of firms, also in the field of age management. Germany looks back at over sixty years of corporatist industrial relations characterised by “organizational concentration and institutional balance of power (and rights) between organized employers and unions; cooperation; freedom from state interference; and juridification” (Visser/Van Ruyssefeldt 1996: 144-5). Social policy interests of employers are represented by employers’ associations in which 63 per cent of German companies were organised as of 2004 (EIRO 2005: 1).

Interest representation of employees is characterised by a dualist structure. On the one hand, there are trade unions which are based on the principle of industrial homogeneity (only one trade union may operate in one sector23) and political and ideological neutrality. Collective bargaining takes place, for the most part, at industry level (federal and regional); however, some corporations conclude company agreements (Haustarifverträge). The second arena of interest representation is the workplace. Laws guarantee the right to co-determination of workers in the supervisory board and in the works council in companies with at least five employees. Works councils may co-determine and veto decisions in the field of work schedules, humanisation of work, promotion, recruitment, transfer and dismissals, and have information and consultation rights with regard to the working

23 This rule is undermined e.g. by the Trade Union of Civil Servants (DBB; Keller 1999: 31) and, since recently, by the Trade Union of Engine Drivers (GDL).
environment, prevention of health injuries, personnel planning, work organisation, new technology, job content, financial and economic matters (Visser/Van Ruyssefeldt 1996: 151-2).

56 per cent of workers in Western Germany, and 41 per cent in Eastern Germany work in firms covered with a collective agreement, and 46 per cent, respectively 39 per cent are represented by a works council (Ellguth/Kohaut 2007: 516; IAB Establishment panel data). The larger the firm, the higher the coverage by a works council. In companies with over 200 workers, 71 per cent had an elected works council in 2007 (Stettes 2007; IW Zukunftspanel data). That entails that the personnel policy of German firms in my sample will be the result of co-determination by the management and the works councils, and, especially in the field of early retirement and employee exit, it will be not possible for the management to make decisions on its own (see section 4.2.9. and hypothesis 7 in section 2.4.).

I will now turn to singular aspects of personnel policy and portray some collective agreements valid in that realm (based on Bispinck 2002, 2005, if not indicated otherwise).

With regard to the protection against dismissals, collective bargaining partners are free to define more generous or stricter rules than the legally stipulated increase of the period of notification from one month after a two-year employment period, to seven months after 20 years in the company. Usually, social partners define more levels of notification periods, sometimes based on a combination of tenure and age. Many agreements define an age at which a regular dismissal is not possible, e.g. at the age of 50 and with a job tenure of 15 years in the iron and steel industry and at the age of 40 and after 15 years in the public sector in Western Germany.

Contrary to arguments that seniority wages are detrimental to recruitment chances of older workers (BDA 2003a: 28), a direct coupling of wage formation to age is rare and existing regulations in the metal-working industry and in the public sector have phased out. The Collective Agreement for the Public Sector (TvÖD) from September 2005 has replaced the raising of wages every two years till completion of the 49th year with higher initial wages and raises according to tenure. If wage formation in other sectors is directly linked to age, then at maximum till the age of 28. Tenure constitutes a more frequent base of wage formation resulting in two till 16 wage gradations. Remuneration may be also bound to work experience (e.g. in banking, chemical industry) or to the actual tasks (e.g. in metal-working industry, in the food industry; information from expert interviews from Oct.-Dec. 2003). The OECD found out that age-earnings profiles in Germany, when the educational
level is held constant, are relatively flat, especially for women (2005a: 111-2). Seniority rules are wide-spread with regard to higher executives, which are however not subject to collective regulations (BmFSFJ 2005: 103).

A downward movement on the pay scale is prevented in many branches by the protection against downgrading which becomes effective in cases of social or economic risks. This provision entails a wage guarantee for workers from the age of 40-55 years upwards in combination with a job tenure of between one and 20 years, depending on the branch (e.g. in the retail trade and metal working industries in Northrhine-Westfalia). The wage is guaranteed in cases when the older worker takes up a less demanding position within the firm because of health problems, work deficiencies, work accidents or because of restructuring.

With regard to early exit, the social partners were active in this realm already since the 1970s in accordance with employers, and the state participated in it by setting incentives for early exit and restricting dismissals (Keller 1997: 216-7). A long-lasting consensus on the treatment of older workers as buffer for labour market problems was established when the CDU/CSU-FDP government consented in 1984 to the demands of ‘moderate’ trade unions (the predecessors of the Trade Union of Mining and the Chemical and Energy Industries IG BCE, of the Trade Union of the Food and Catering Industries NGG, and of the Unified Trade Union of Service Workers ver.di) and introduced the pre-retirement scheme in 1984, as the alternative – the introduction of the 35-hours-week – was strongly opposed by employers and seemed too radical at that time (Keller 1997: 194ff). Only in the mid-nineties did the legislator leave the track of supporting early exit, but some earned rights (‘facilitated receipt of unemployment benefit’ or longer period of receipt for older unemployed) were difficult to cut back. IG Metall, which in the 1980s had taken a contrary position on that issue, has been campaigning since 2006 for a prolongation of the part time retirement scheme (IG Metall 2006).

Collective agreements on ATZ were concluded in most branches besides of the banking sector. At the end of 2003, there were 854 ATZ agreements which covered 16.3 million workers (Bispinck 2005: XI). 23 per cent of firms with a works council and at least 20 workers have a works council agreement on ATZ or another form of early exit (Schäfer 2008: 294).

The iron and steel industry and the chemical industry have collective agreements on demographic changes (concluded in 2006 and 2008, respectively). The first one obliges firms in the sector to conduct an analysis of the age structure, qualification and work
burdens of the workforce and suggests the creation of age-mixed teams, job rotation and qualification. However, it also stipulates the use of long-term work accounts as a vehicle for early exit (AGVerband Stahl/IG Metall 2006). The collective agreement for the chemical industry stipulates the use of ATZ in the part-time model and of long-term work accounts for early exit (IG BCE/BAVC 2008). German Railways employees, in turn, are covered by the Collective Agreement on Employment Security which stipulates integration management and the instalment of age-adequate workplaces (Kerschbaumer/Räder 2008: 37).

Besides of regulations at collective bargaining level, co-determination powers of employee representatives at firm level play a role for the opportunity structure of firms. In cases of mass lay-offs, the employer must negotiate a social plan at the request of the works council in companies with more than 20 workers (Backes-Gellner et al. 1997: 332). § 99, 2 of the Works Constitutions Act grants the employee representatives the right to oppose the recruitment of new employees (e.g. in cases when incumbent workers have to be laid off).

The Works Constitution Act obliges the works council and the employer to include older workers in external or internal vocational qualification measures. The employer can not deny the employee the opportunity to participate in a qualification measure, but does not have to cover the costs or grant him/her a paid leave from work. If the employer carries out internal qualification measures, the works council has to provide for a participation of older workers in it (Gussone 1999: 231-2). However, an individual entitlement of an older worker to be included in such measures can not be derived from this provision but can be codified in a collective agreement or in a work council agreement (ibid: 247-8).

It can be concluded from those findings that collective and firm-level agreements pertaining to older workers may have mixed impact on their chances for finding and continuing employment. Trade unions justify protective measures with the greater risk of dismissal faced by older workers (Bispinck 2005: XVII; BmFSFJ 2005: 102-3). The employers, on the other hand, opt for a loosening of age-protective laws as they actually increase the non-wage labour costs and pose barriers for the employment of older people (BDA 2000, 2003b). OECD (2005a: 116ff) argues in the same vein with regard to the legal and collective protection against dismissals. This is in line with the neo-classical labour market theory which states that fixed costs for hiring and firing reduce the demand for labour, to the detriment of marginal groups of workers like the older ones (Soltwedel 1980).
Problematic is the orientation of collective rulings on the shortening of working life instead of shorter and more flexible working hours, which would enable older workers to adapt working hours according to changing capacity during lifetime. An example of that orientation is the wide-spread utilisation of the blocked model of the early retirement scheme (Bispinck 2005: XVII). Large deficits have to be acknowledged with regard to the number of agreements and the range of covered issues on occupational safety and health and further vocational training. Moreover, at establishment level, many firms do not even fulfil basic legal requirements as integration management or occupational risks assessments (Kerschbaumer/Räder 2008: 39), which points to the low power of works councils to enforce such measures.

3.3. Poland – Institutional Profile

I will deal in the next sub-sections (3.3.1. and 3.3.2.) with changes in the old-age pension and disability pension system in Poland on the one side, and with changes in the system of passive and active labour market policies and with legal rules which have an impact on the employment relationship on the other side. Only such developments will be discussed which have a bearing on the pull factors of early exit in Poland; consequently, the social security system for farmers (KRUS) will not be dealt with. In the chapter after that (section 3.3.3.), I will depict structural changes in the economy which still have an impact on the current personnel policy of Polish companies – namely, the restructuring of whole branches, privatisation and acquisition by foreign corporations, and rising unemployment figures related to those developments. Sub-section 3.3.4. will present the outcome of those institutional and structural changes – the aggregate figures on labour market participation and take-up of pensions. Also individual retirement preferences of Poles will be dealt with in that sub-section. The last section (3.3.5.) will present the policy of social partners with regard to the way it determines firm-level policy towards older workers.

3.3.1. Overview of Changes in Polish Pension Laws

Poland can be, alike Germany, grouped among countries with a Bismarckian pension scheme (Hinrichs/Aleksandrowicz 2005: 15-16). Pension systems in those countries are

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24 This section draws on Aleksandrowicz (2007). The historic information (up to 1991) is based on Pławucka (1991) and Żukowski (1994), unless otherwise indicated.
based on social insurance and their main function is to protect living standards (Hinrichs 2000).

The first pension reform which is relevant in the context of my study is the reform of 1954 whereby the Bismarckian administrative differentiation between blue- and white-collar workers was replaced with the division between two categories of workers. The preferential treatment of ‘first category workers´ was a socialist element and was to encourage people to take up work regarded as important for the socialist economy and entailing dangerous or health-impairing working conditions – miners, workers on ships and aircraft, and teachers; with ´second category workers´ encompassing all others. Those categories were replaced with the act of 1982 with workers working ´under special conditions´ (e.g. pilots, dockers, steel- and ironworkers, miners, sea fishermen; Latoszek 1996) or performing work ´of special character´ (e.g. artists, musicians, teachers, journalists, soldiers, fire workers, customs officers; Tymorek 1999). What is important in the context of my study, is the lower retirement age (usually 55 y. for women, 60 y. for men) granted to those workers as a political privilege and in order to ensure loyalty (Golinowska/Pietka 2003: 337-8). The range of persons entitled to branch privileges amounted to 25 per cent of the workforce (Księżopolski 1997: 342). As will be shown in section 3.3.4., many Poles make use of those privileges, which contributes to the low average retirement age and to difficulties for adapting to the new system in terms of postponing retirement. That also has a bearing on the opportunity structure of Polish firms, as the preference of Poles for early exit enables them to cut staff levels with little social unrest (chapter 4.3.).

Table 6 presents reforms of the old-age and disability pension system which are of relevance for my study.
## Table 6: Crucial pension reforms in Poland since 1989

<table>
<thead>
<tr>
<th>Date of passing the legal act(s)</th>
<th>Contents</th>
</tr>
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<tbody>
<tr>
<td>1975</td>
<td>Introduction of an early retirement pension for disabled persons and for women aged 55 and with a 30 years’ contribution period</td>
</tr>
<tr>
<td>1982</td>
<td>Introduction of an early retirement pension for workers ’working under special conditions or performing work of special character’ (at the age of 60 for men and 55 for women)</td>
</tr>
<tr>
<td>1989</td>
<td>Workers from closed companies may retire early if they have a contribution record of 35/40 years. (invalid from 1998)</td>
</tr>
<tr>
<td>1990</td>
<td>Workers in companies with at least 20 employees who had been laid off because of organisational, production-related or technological reasons or because the company has gone bankrupt, are entitled to an early retirement pension if they have a contribution record of 35/40 years. (invalid from Jan. 1998)</td>
</tr>
<tr>
<td>1991</td>
<td>Increased earnings relation of pension level: It is calculated based on the average wage received in an increasing number of years: from 3 consecutive years in the year 1992, to 10 consecutive years in the year 2000. Imposing limitations on earned income when receiving a pension if earned income exceeds 60% of base amount. Pension payment is suspended if earned income exceeds 120% of base amount.</td>
</tr>
<tr>
<td>1994</td>
<td>Introduction of pre-retirement benefits for persons dismissed for operational reasons and with a contribution period required for the receipt of an old-age pension.</td>
</tr>
<tr>
<td>1996</td>
<td>Introduction of pre-retirement allowance for persons entitled to unemployment benefit, amounting to 120-160% of the regular unemployment benefit. (invalid from Jan. 2002)</td>
</tr>
<tr>
<td>1997</td>
<td>Introduction of occupational pensions as third-pillar pensions (extended in 2004) and of open-ended pension funds as second-pillar pensions. Stricter rules for granting a disability pension (the level of disability is not any more assessed based on medical criteria, but on the remaining capacity to work).</td>
</tr>
<tr>
<td>1998</td>
<td>Introduction of an NDC-based first-pillar old-age pension scheme with an obligatory second pillar for persons born 1969 and later, and voluntary for persons born between 1949-1969. Transitory rules for persons entitled to an early old-age pension for work ‘under special conditions’ or ‘of special character’, for women, and for persons incapable to work till the end of 2006. Benefit payment is suspended if the pensioner continues to work with the previous employer.</td>
</tr>
<tr>
<td>2004</td>
<td>Introduction of individual old-age pension funds as third-pillar pensions. Stricter eligibility rules for the receipt of pre-retirement benefits, a lump-sum payment instead of orientation on the future old-age pension level.</td>
</tr>
<tr>
<td>2007</td>
<td>Men who have filled 35 insurance years may retire at the age of 60 if they will have met the required conditions by the end of 2008 (due to an appeal based on the Anti-Discrimination Legislation). Early retirement pensions for certain professions will be cancelled from 2009 if no law on bridging pensions is passed until the end of 2008.</td>
</tr>
<tr>
<td>2008</td>
<td>Law on Bridging Pensions</td>
</tr>
</tbody>
</table>


The Polish old-age security system before the grand reform of 1999 consisted of one PAYG tier financed solely out of employers’ contributions. The system generated income redistribution due to the pension formula which took into account the average wage in the economy. Moreover, while there was no ceiling on contributions, the pension level could not exceed 250 per cent of the average wage in the economy. The old-age pension in the old system consisted of a flat-rate component (24% of the average wage in the Polish economy), an earnings-related component (1.3% of the assessment basis for contributory periods) and a supplement (0.7% of the assessment basis for non-contributory periods). Working longer did not substantially raise the pension due to the low crediting of each year of work.
Moreover, “pensions of persons working shorter periods but receiving higher wages were higher than for those who worked longer and received lower wages, even if they had paid the same total contribution when calculated for the whole working life” (Chłoń-Domińczak 2002: 138). The qualifying period for the pension under the old system was 20 years for women and 25 years for men.

Reforms in 1997 and 1998 changed the defined-benefit pay-as-you-go one-pillar old-age pension system to a multi-pillar one based on defined contributions, where the first PAYG pillar was based on Notional Defined Contributions (see Chłoń et al. 1999 for a comprehensive reform report). The new pension rules affect birth cohorts from the years 1949 onwards. A novelty was the introduction of a fully-funded, obligatory second pillar and of voluntary third pillar pensions. Non-contributory benefits were removed from the system and left to tax financing. A qualifying period of 20 (women), respectively 25 (men) years is required only for the minimum pensions. The pension level now reflects earnings and contributions accumulated in the whole work career. The benefits are actuarially adjusted, so that “[e]ach additional year of work and contributions will be rewarded with a clear increase in the net present value of pension benefits, as the accumulated notional capital increases and life expectancy decreases” (Chłoń et al. 1999: 23). This should incite individual workers to prolong their working life. However, the reformers did not succeed in pushing through a uniform, flexible retirement age of 62-65 years; therefore women may still retire at the age of 60.

People born between 1.1.1949 and the end of 1968 could decide whether they wanted to stay in the reformed NDC first pillar or whether they wanted to split their pension contribution between the first and the second pillar. For my studies at establishment-level, the old, defined-benefit pension system is of importance, as first old-age pensions from the new system will commence only in 2009. Moreover, due to transitory rules, persons entitled to early retirement under the old system may retire earlier till the end of 2008 (or even later, if they have completed the required contribution period before 1.1.1999) with favourable adjustments in the pension formula (Janiszewska-Wyszyńska 2007; Chłoń et al. 1999: 43). However, the new old-age pension system is of relevance when determining personnel policy in the mid- and long-term span and for persons who are not entitled to early

25 The NDC system is an accounting mechanism which individualises the link between benefits and contributions and credits all lifetime earnings. It differs from a defined contribution plan in fully-funded schemes insofar as the fund exists only virtually and capital is not built up, as it is still a PAYG system relying on the intergenerational contract (Börsch-Supan 2003).
Persons born between 1949 and 1969 who will not meet the requirements for early retirement by the end of 2008, and whose professions will be deemed by the Medical Committee as unsuitable for work until standard retirement age, will be granted so-called ‘bridging pensions’; the respective law was passed by the Polish Parliament in December 2008 (http://www.mpips.gov.pl/index.php?gid=1265). Younger birth cohorts will receive preventive aid with job switching and re-training. The plans and proposals of the Ministry and other actors (trade unions and parliamentary factions) for bridging pensions have changed several times. A Medical Committee was commissioned two times (in 2000 and 2006) with preparing a list of occupations which should be entitled to early exit. Bridging pensions will be payable for up to five years and financed by employers and the state budget.

The disability pension is granted as a permanent or limited (5-year) pension in case of an illness, accident or occupational disease; the assessment is since 1997 solely based on work capacity and not on medical criteria. The required insurance period ranges from 1-5 years depending on the age at which the work incapacity has occurred (Uścińska 2005: 201). If the work incapacity resulted from a work accident or an occupational disease, the pensioner may retire five years prior to standard retirement age and receive 50 per cent of the old-age pension on top, which may rise his/her income above former wages (Golinowska/Pietka 2003: 326). The pension reform of 1999 did not change the formula for the disability pension, due to which its calculation is more favourable than that of the reformed old-age pension, especially for people with low wages and gaps in employment (Wiktorow 2007: 491). The disability pension requires also a shorter insurance period and, until 2006, could be claimed as a life-long pension. Only from 2009, disability pensions will be calculated according to new rules.

Employers in companies with high accidents rates have to pay a 20 per cent higher contribution to the accident insurance. Planned changes stipulate its rise even by half in high-risk companies and its lowering by half in low-risk companies (Solska 2008: 42). This may incite companies to invest in occupational safety and health, just as is the case in Finland which has a similar system.

In April 1997, pre-retirement benefits and allowances were introduced as replacement for early retirement pensions for workers from closed companies. The motive was to lower the expenditures for early exit. Pre-retirement benefits (świadczenia przedemerytalne) were
granted to unemployed women aged 58 and men aged 63 with 20/25 contributory and non-contributory years, to persons dismissed for operational reasons and aged 50/55 (with 30/35 qualifying years, or with 35/40 years regardless of age), and to persons dismissed from companies which are closing down with 34/39 qualifying years. The pre-retirement benefit amounted to 80 per cent of the assessed pension level as of 1995, and to 90 per cent as of 1998. Recipients were not obliged to seek work. In April, 2004, more strict rules were introduced. The benefits were lowered to a lump-sum payment, and a 6-month waiting period was introduced during which the applicant has to seek work.

Third pillar pensions (individual and occupational) do not yet constitute an exit pathway due to low coverage (Czepulis-Rutkowska 2003: 287). Only 915,000 Poles save in IKE, and 312,000 in PPE. Also the average payments into those funds are low (“KNF: Polacy za mało odkładają na dodatkową emeryturę”, Gazeta Wyborcza 18.2.2008). Surveys of the AXA corporation revealed that one third of respondents expect their future old-age pension to exceed their current earnings, and only 37 per cent make additional savings or have such intentions, compared to 80 per cent in the Czech Republic (“Porażka III filara…”, Gazeta Wyborcza 18.2.2008).

Of firms which offer the opportunity of additional savings, only 57 per cent choose PPE, mostly large firms (“KNF: Polacy za mało odkładają…”, Gazeta Wyborcza 18.2.2008). Many firms still make use of the opportunity introduced in 1997 to invest seven per cent of wages in life insurance which are then not liable to contributions (Zych 2006: 33). Ignorance and corruption of firms and unfair acquisition practices of insurance agents have in many cases not only not increased, but even decreased the amount of payments made into those insurance schemes (ibid: 33-34). PPE, the new generation of occupational pension schemes introduced in 2004, albeit rising quickly, still encompass a small share of economically active persons (in 2002, it was 1.5%) and are mainly offered by big firms located in economically viable regions, predominantly from the telecommunication sector, financial services and utilities (Strzelecka 2002: 39). Therefore, PPE will not close the gap in replacement rates in the new system (ibid; Szumlicz: 184).

Working pensioners were a frequent phenomenon during communism (Urbaniak 1998) and are such nowadays (13.7% of retirees aged 50-69 years and the same share of disabled of all ages are gainfully employed; Zgierska 2007: 4; GUS 2008: 169). Nowadays, old-age and disability pensioners hired on a regular work contract are liable to contributions just as
other workers, with the exception of commissioned work. The law of 1988 allowed persons
who retired at the standard age of 60/65 to work without pension cuts. In 1992, early
pensioners gained the same right, which contributed to the early exit trend (Urbaniak 1998:
196ff). That failure was repaired only with the 1999 pension reform. Nowadays, earnings
thresholds are in place, and pensions of those who continue to work at their former
employer are discontinued.

The main outcome of this chapter is that the Polish pension system provided broad
incentives to early exit before the 1999 reform. Drawing an old-age pension at an earlier age
did not substantially reduce the old-age pension, as each additional year of work was
credited only by 1.3 per cent.

The origins of the early exit trend in Poland can be traced back to many factors. Firstly,
the fact that only employers paid social security contributions in the old system had
generated „constant pressure [by employees] to raise benefits and to enhance the
possibilities for early retirement” (Księżopolski 1997. 342). Secondly, the differentiated
retirement age for workers of the first and second category is an institutional legacy from
the socialist past, and even from the times of the annexation. It has created lock-in effects
and is difficult to revert due to the high coverage of persons entitled to those privileges.

Thirdly, the opportunity to work without limitations while receiving an early pension
(valid 1992-1999) supported the drift towards retirement even if the employers would have
kept them as regular employees (Urbaniak 1998: 201). Especially women had strong
incentives to retire early and immediately take up an additional job (ibid: 196). This
opportunity was also frequently used by disability pensioners due to the low level of
disability pensions (Golinowska/Pietka 2003: 329). Employers had (and still have) strong
incentives to hire disabled workers and to create „sheltered workshops´ with more than 50
per cent of those workers as such firms are partially exempted from tax and receive financial
support (ibid: 330).

Fourthly, the system has invited early exit after the transition due to the misuse of the
pension system for solving labour market problems. The employees played an active role in
that trend – early retirement pensions for workers from closed companies moved employees
to stop working even if they would not have been laid off (Golinowska/Pietka 2003: 338).

Despite of earnings disregards, the “escape into disability” (Golinowska 2004: 153) is
still favourable due to the old pension formula which may generate a higher income than the
old-age pension, especially if combined with additional wages. Earnings disregards will thus
not promote a prolongation of working life, with the exception of high-qualified persons earning higher wages who might postpone the receipt of the old-age pension (Solska 2002: 19; Urbaniak 1998: 201).

Contradictory movements and announcements of the state actors in the field of pension policy generate a feeling of insecurity among stakeholders and may move them towards embracing the opportunity of early retirement for fear that it might be soon curtailed. An example are the changes in the ‘assessment base’ which reflects the average wage in the economy. If it is about to drop, more people decide to retire while the more favourable assessment base is still in place (Solska 2004: 38).

An opportunity for the prolongation of working life emerges from the paradigmatic restructuring of the pension system in 1999. The new system, which strongly relates the benefit level to paid contributions, will in the long run raise the retirement age and employment rates of older workers (Czepulis-Rutkowska 2003: 287) and will render the old-age pension system financially sustainable.

3.3.2. Changes in Labour Market Laws

The next paragraph will deal with passive labour market policies and their utilisation for easing the strain on the labour market, and then turn to active labour market policies as an attempt to reverse the trend towards early retirement. Finally, I will deal with labour market laws with regard to protection against dismissals which are frequently brought forward by neo-classical labour market theory as barriers for the re-employment of older applicants.

Unemployment was a new phenomenon in Poland after transition which had been previously hidden by the frequent practices of labour hoarding. Unemployment benefits were introduced with the Employment Act of December 1989 and amounted to 70 per cent of previous wages during the first three months, 50 per cent for the next six months and 40 per cent afterwards. In the beginning, the very liberal rules (easy access, no control of job search activities, and unlimited period of receipt) attracted many people who had not worked before. From 1996, the unemployment benefit is granted only to persons with no other source of income and is differentiated by tenure. The newly introduced unemployment benefits and, later on, special benefits for older unemployed did never constitute the main early exit pathway as disability pensions and early retirement pensions were much more common (Golinowska/Pietka 2003: 330).
Currently, the unemployment benefit is granted for six months – in regions with average unemployment rate; for twelve months – in regions with more than 125 per cent of the average unemployment rate; and for 18 months – in regions with unemployment twice as high as the average, if the applicant has completed 20 qualifying years or is the only breadwinner and has one child younger than 15. Persons with less than five qualifying years are granted 80 per cent of the base amount, those with 5-less than 20 qualifying years receive the full amount, and persons with 20+ qualifying years are entitled to 120 per cent. Applicants should have worked for at least one year within the previous 1.5 years and may not receive any additional income. Due to those restrictive rules, only 20 per cent of registered unemployed receive the benefit, which is very low compared to 60-80 per cent in Western Europe (Wiśniewski 2002: 336).

After the expiry of the unemployment benefit, only the time-limited and means-tested social assistance (zasiłek okresowy) may be granted to unemployed but healthy persons. The duration of payment is a discretionary decision.

Job promotion measures were introduced only in late 1991 after the unemployment rate has doubled from six to twelve per cent. They enjoy a low priority among labour market programmes. Between 1997-2001, falling numbers of unemployed were included in such programmes and the expenditure as percentage of GDP has decreased, whereas for passive labour market programmes, the opposite was true (Borkowska et al. 2003: 128).

Attention to older workers as target group of active labour market policies was directed only in November 2004, when a labour market activation programme for ‘50pluses´ was introduced by the PiS-LPR-Samoobrona government (MGiP 2004). Older workers face a lower risk of becoming unemployed (inter al., because their unemployment is hidden behind the frequent utilisation of pre-retirement benefits, early retirement and disability pensions; Gocłowska 2004) but once they become unemployed, they remain in this status for a longer time (Socha/Sztanderska 2000: 216). Moreover, the rise in absolute numbers of the unemployed between 1997 and 2004 was largest in the age group 45-54, 55-59 and 60+ (MGiP 2004: 8).

The PO-PSL government presented its new programme for older workers in March 2008 (MPiPS 2008). It is based on the Finnish example and backed by employers´ associations („Rozmowa z dr. Michalem Bonim...“, Gazeta Wyborcza 4. Jan. 2008). It stipulates awareness-raising and training of employers in age management, partial reimbursement for the costs of training older workers and lowering of social contributions, scholarships and
education vouchers for workers 45+ and unemployed aged 50+ participating in further training, quicker job placement of older unemployed on the first on second labour market and sanctions to disabled persons who reject taking up gainful employment.

Poland exhibits a pronounced seniority principle in wage formation. This inhibits the employment of persons in higher age brackets (EC 2007: 90-1). Workers may be however dismissed easily; missing competencies of the worker and economic problems of the employer suffice as reasons for the dismissal. The required period of notice is short. Regulations concerning mass lay-offs are however very rigid (Kryńska 2007: 3-4) in order to contain the frequent utilisation of mass lay-off during restructuring.

Protection against dismissals covers workers four years prior to standard or early retirement age (raised from two years with the law of 30.04.2004)26. However, the current PO-PSL government plans to lower this age again to two years and advertises that as a measure to activate and help older workers. In distinction to German labour law, the Polish law regulates the level of severance payments in case of mass lay-offs and when workers leave on retirement.

The anti-discrimination legislation based on Directive 2000/78/EC was implemented in Poland with the law of 14. Nov. 2003. It will however, as is the case in Germany, leave untouched several regulations in Polish law and practice:

- seniority wages (based on tenure) are not regarded as discrimination, as a longer work experience enables the worker to perform better (Bydłoń 2006),
- termination of the employment contract of workers who have filled the standard retirement age and 20/25 qualifying years. This provision was incorporated already in the second half of the 50ties in Polish labour law (Urbaniak 1998: 191). The anti-discrimination law has rendered this practice illegal, but above mentioned criteria may be still used as a basis for selecting workers for mass lay-offs (Sadlik 2007), and the High Court has even accepted that criteria with regard to regular termination of employment (Maniewska 2006).

Unlike in Germany, there are no criteria how to select workers for personnel reductions except of the rulings in the Code of Labour Law that they have to be “socially acceptable” (Sadlik 2007).

26 The dismissal protection is related to the earliest possible retirement age (http://prawopracy.pl/ochrona_przedemerytalna_wiek_przedemerytalny-a-39.html), but my firm studies have shown that many employers are not sure how to interpret the rule and, for security’s sake, regard the dismissal protection as valid from the earliest possible retirement age up to standard retirement age.
As conclusion, one can say that the unemployment benefit constituted shortly after introduction an incentive to take-up without searching for jobs, as the requirement of former unemployment and ban on further earnings were introduced only later. It has however not been used as a vehicle of early exit due to the low amount and short duration of payment. The low level of the unemployment benefit re-directed the channel of benefit recipients to disability pensions.

The anti-discrimination legislation has not shielded older workers with entitlements to early retirement from being chosen from dismissals. The impact of the legislation on recruitment chances has not been studied, but age limits in job advertisements are still common (Tokarz 2007a: 14). Contrary to that fact, the exposure to ageism in the opinion of men and women aged 50 years and more does not differ significantly between respondents in Poland and Germany (European Foundation 2007: 39), although the different levels of sensibility towards that issue may interfere here.

The protection against dismissals four years prior to retirement may be a barrier to re-employment of older persons, even more as the law leaves it unclear whether the entry in early or regular old-age pension is meant. However, it likewise shields older workers in pre-retirement age from being dismissed. Plans of the current (as of 2008) PO/PSL government to cut back the legislative protection endanger the chances of older workers for continued employment.

3.3.3. Structural Changes in the Economy

In the last two decades, Poland has undergone radical changes not only with regard to the social security system but first and foremost in the economic system as it turned from planned to market economy. The impact of the transformation on the labour market was tremendous, as many state companies collapsed and released a large stream of unemployed. That situation has a direct effect on the topic of this study. On the one hand, the released persons, among them older workers with outdated knowledge, have little chances for finding a new job. On the other hand, the new challenges for the companies to be productive and competitive move them to make frequent personnel adjustments to which older workers often fall prey.

During centrally planned economy, the labour market in Poland suffered from an unsatisfied demand for labour (Socha/Sztanderska 1991: 2). At the same time, the overstaffing in companies amounted to 25-75 per cent (Góra et al. 1993: 137). The labour
force had a low work ethos, low work motivation and low labour discipline (Socha/Sztanderska 1991: 2). Economically active persons are only slowly gaining competence in high technology and foreign languages and still show, albeit to a smaller extent, attitudes adopted during communism – entitlement mentality, lack of initiative, adversity to risk and competition and low occupational flexibility and mobility (Wiśniewski 2002: 334). In my firm studies, it showed that such characteristics are also now criticised in some older workers and form one of the arguments for rejecting older applicants (see section 4.3.).

Going abroad, the shadow economy and natural economy were alternatives to working in the state sector (Socha/Sztanderska 1991: 5-6). In mid-nineties, one third of registered unemployed were working in the shadow economy (Księżopolski 1997: 340); current estimations oscillate between seven and 19 per cent of economically active persons (Kabaj 2004: 1; “10% Polaków pracuje w szarej strefie”, Gazeta.pl 29. April 2008). As will be seen in section 4.3.7., the opportunity to moonlight moves some older workers to opt for early exit.

Institutional changes in Polish economy were radical and rapid and had a ‘big bang’ character (Jakóbik 1997: 105). Ownership transformations were initiated at the end of the eighties. In the course of this, state-owned companies were often divided into smaller units, while before the transformation, 65 per cent of employment was concentrated in large enterprises above 1,000 workers (Socha/Sztanderska 1991: 2). Between 1990-1997, the percentage of workers in private economy has increased from 48.9 per cent to 67.7 per cent (Socha/Sztanderska 2000: 177-8). Unemployment, factually nonexistent during the centrally planned economy, surged upwards in the transformation period – from 0.05 per cent in Dec. 1989, to 6.1 per cent in Dec. 1990 and 8.4 per cent in June 1991 (Góra et al. 1993: 144-5). In 1993, the unemployment rate reached with 16.4 per cent its peak during the transformation period and has started decreasing. Another peak was the year 2002 with an almost 20 per cent unemployment rate.

On the basis of the knowledge presented in this section, hypothesis 3 stressing the importance of structural factors upon firms’ behaviour can be further delimited: Due to the bad financial standing and the higher pressure on personnel adjustments, older workers in Polish enterprises will be in greater risk of being externalised than in German enterprises, which operate in a more stable economic environment and did not have to accomplish the paradigmatic change from planned to market economy.
3.3.4. Impact of Institutional and Structural Changes on Retirement Transitions and Labour Force Participation

In this section, the impact of changes in pension and labour market laws upon labour market exit will be analysed with the help of statistical indicators. Also the individual retirement preferences will be compared across time as this indicates the impact of institutional factors upon the life course and retirement decisions. That way, the aggregate result of the interaction of institutional constraints, structural factors and individual retirement preferences will be shown (see Fig. 2 in chapter 2.). With the help of those statistical indicators, hypothesis 4 will be tested.

Since the ‘big bang’ transition in Poland, the relations of the number of persons economically active and passive have been distorted as the result of intentional socio-economic policy – the number of retirees and pensioners markedly exceeded in 2002 the number of persons in post productive age (Kabaj 2003: 46-48). About 50 per cent of Poles in pre-retirement age (3 million people as of 2006) are inactive, relying on benefits from social security and assistance systems (MPiPS 2008: 11).

The retirement and inactivity transitions of older Poles were responsive to institutional changes and the situation on the labour market. Growing unemployment after the transition, accompanied by easy access to disability pensions and the new opportunity of early retirement after the closure of the company contributed to a rapidly rising inflow into the old-age and pension system. That process is depicted for the period 1997-2006 in Figure 9. Evasive strategies are visible – pre-retirement benefits and allowances have substituted early old-age pensions, esp. the dismantled early old-age pensions ‘for economic reasons’ (MPiPS 2008: 52). The growth in the take-up rates of pre-retirement benefits and allowances occurred as result of growing unemployment (Golinowska/Pietka 2003: 337). They served as an incentive to persons who would have otherwise remained on the labour market (Woźniak 2007: 41). However, take-up of pre-retirement benefits has decreased since 2004, probably owing to more strict rulings of their receipt. The falling absolute numbers of new benefit recipients reflects the completion of the restructuring process.
In the second quarter of 2006, early retirees comprise 36 per cent of new applicants among men, and 40.5 per cent among women (Zgierska 2007: 2). At the inception of early old-age pensions for economic reasons in 1990, 50 per cent of first-time retirees utilised them, and 40 per cent upon their termination in 1996 (Golinowska/Pietka 2003: 339). Between 1999-2004, the share of early pensions among all old-age pensions has risen from 21 to 25.5 per cent (Woźniak 2007: 41).

As most women fulfil the requirement of 30 insurance years, the factual age of take-up of the old-age pension was 55 years in 1992 and has risen afterwards (Table 7). Men retire on average at the age of 59, owing to their over-representation in occupations entitled to an early retirement pension.

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27 Pre-retirement allowances were terminated from 1.1.2002 but preserved for persons who had registered in employment offices before that date and had fulfilled the needed requirements (http://www.praca.gov.pl/files/20030710165842.pdf).
Table 7: Average age of take-up of pensions in Poland, 1978 and 1992-2006

<table>
<thead>
<tr>
<th>Year</th>
<th>old-age pensions</th>
<th>work incapacity pensions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Men Women</td>
<td>Total Men Women</td>
</tr>
<tr>
<td>1978</td>
<td>64.3 61 50.7 50.1</td>
<td>50.7 50.1</td>
</tr>
<tr>
<td>1992</td>
<td>57.0 59.0 55.0</td>
<td>46 47</td>
</tr>
<tr>
<td>1995</td>
<td>56.9 59.0 55.1</td>
<td>45.5 46.2</td>
</tr>
<tr>
<td>2000</td>
<td>57.0 58.9 55.9</td>
<td>46.6 47.1</td>
</tr>
<tr>
<td>2002</td>
<td>57.2 59.4 56.1</td>
<td>46.8 47.4</td>
</tr>
<tr>
<td>2005</td>
<td>56.8 58.4 56</td>
<td>47.9 48.7</td>
</tr>
<tr>
<td>2006</td>
<td>56.6 57.9 56</td>
<td>48.4 49.4</td>
</tr>
</tbody>
</table>


The retirement age in Poland is very low compared to other EU countries, owing to the frequent utilisation of early retirement. Women most often claim the pension between the age of 55 and 59 years, and men between 60-64 years (Zgierska 2007: 3). A tendency towards claiming the work incapacity pension at a later age is visible. With regard to the old-age pension, between 1998 and 2004, more men claimed it at the age of 60-64 years than had been the case before (with women, the development was reverse) (Szukalski 2006: 53), but afterwards, the age of take-up has fallen again.

Disability pensions were a frequent way out of the labour market during communism. This “typically Polish phenomenon” lasted from 1970 to half of nineties (Golinowska 2004: 153). Its origins were the compulsory take-up of an occupation which was needed for the economy, which resulted in an escape from the labour market and seeking alternative sources of income (ibid; Halik 2002a: 25-26). Serious health problems in the population, lack of an effective vocational rehabilitation system, the low standard of working conditions, easy access to benefits and the disregard of additional earnings28 further contributed to early exit into disability (Księżopolski 1997: 341; Halik 2002b; European Foundation 2003).

After the transformation, the inflow into disability pensions surged from 1.7 million to 3.7 million at the end of the nineties due to unemployment and easy access criteria (Markiewicz 2003: 4). In 1997, recipients of disability pensions comprised 40 per cent of all pensioners and 16 per cent of the workforce (Księżopolski 1997: 341). Due to the restriction of access to and level of disability pensions with the 1997 reform and the ‘forced retirement’ of disability pensioners who had completed 60/65 years since 2006, the number of disability pensions further reduced.

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28 Earnings thresholds were introduced in March 1999 (Golinowska/Pietka 2003: 329).
pensioners decreased by 41 per cent between 2000 and 2006 (MLSP 2006: 10; MPiPS 2008: 46), and the average age of take-up of a pension went up to 48.4 years (Table 7). Kabaj (2003: 50, 72-73) estimates that of the about 2.438 million disability pensioners in the year 2002, 300 thousand were only allegedly incapable to work.

The Polish Labour Force Survey was launched only in 1992; before, unemployment was hidden by frequent practices of overstaffing and frictional unemployment was not recorded (Góra et al. 1993: 137, 141). The employment situation of older persons in the pre-transformation period can only be reproduced on basis of activity rates recorded in Censuses in 1970, 1978, 1988 and 2002 (GUS 2003: 8). A steep decline in the covered period is visible, most notably in the oldest age group and among women. The drop in activity rates prior to the transition can be explained with targeted policy of de-activation with the help of early retirement pensions for certain branches introduced in 1981 as a reaction to the economic downturn in 1978 which followed the rapid industrial development in the prior decade (Golinowska 1993: 85ff). Moreover, the 1970s witnessed a slump in agriculture and introduction of farmers’ pensions (Halicka/Halicki 2002: 177). Due to an outflow of younger workers from agriculture in the industrialisation process, older workers became concentrated in that sector, thus suffering from the downturn (Golinowska 1993: 86-87). Another phenomenon which could be observed also in Western Europe was the increased acceptance of retirement as a deserved phase of life (Halicka/Halicki 2002: 174).

If we perpetuate the activity rates derived from Censuses with those from LFS, it becomes evident (despite the limited comparability) that most of the drop in labour force participation of older persons occurred in the last decades of communism and in the first decade after transition. Also the steep decline of employment rates of female and male ‘50pluses’ was halted in 2000, and the employment rate of 50-54-year-old men has even went up in the last years (Fig. 10).
That has not been the case with regard to older women (Fig. 11). Open unemployment, which appeared for the first time in 1989 and continued rising afterwards (see previous section) is the obvious explanation of decreasing employment rates of both sexes. Another explanation is the falling demand for unqualified labour (Perek-Białas/Ruzik 2004b: 431). The transformation was especially detrimental to women – in June 1991, there were nine men and 45 women for every vacancy. The reasons lay in the end of excess labour demand of previous decades, when “women were absorbed into many activities where men are usually preferred by managers” (Góra et al. 1993: 148).

Figure 10: Employment rates of older Polish males, 1992-2006

Source: OECD.
With regard to retirement preferences of plans of Polish workers, no representative survey has been conducted to date which would be comparable with German results, nor has Poland been included in respective Eurobarometer surveys. In 2006, the Polish LFS included questions on expected/planned age of exit from the labour market, but only 712 persons gave a concrete age at which they planned to retire – it was 60.6 years; 62.7 in the case of men and 58.3 years in the case of women (Zgierska 2007: 7). The distribution of all answers is given in Table 8.

### Table 8: Planned age of exit from the labour market

<table>
<thead>
<tr>
<th>Concrete age was given (later subsumed in the below age ranges)</th>
<th>Without concrete plans</th>
<th>I intend to work as long as I will be able to</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>before completion of 60th year</td>
<td>between the age of 60-64</td>
</tr>
<tr>
<td>between 50-54</td>
<td>between 55-59</td>
<td>between 60-64</td>
</tr>
<tr>
<td>total</td>
<td></td>
<td></td>
</tr>
<tr>
<td>men</td>
<td></td>
<td></td>
</tr>
<tr>
<td>women</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The question was addressed at workers aged 50-69 years.

Recurrent surveys by CBOS in 1999, 2002, 2003, 2005 and 2007 studied the opinions of respondents on optimum retirement ages for both sexes. The vast majority of Poles of both
sexes\textsuperscript{29} favoured the age of 55 as retirement age for women, and the age of 60 as retirement age for men in all waves of the survey (CBOS 2007: 4; Table 9).

Table 9: Optimum retirement age for women in the opinion of Polish respondents, 1999-2007

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>55 years or earlier</td>
<td>85%</td>
<td>52%</td>
<td>70%</td>
<td>67%</td>
</tr>
<tr>
<td>60 years</td>
<td>12%</td>
<td>31%</td>
<td>22%</td>
<td>28%</td>
</tr>
<tr>
<td>65 years</td>
<td>1%</td>
<td>9%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Above 65 years</td>
<td>1%</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Difficult to tell</td>
<td>1%</td>
<td>8%</td>
<td>5%</td>
<td>3%</td>
</tr>
</tbody>
</table>


The acceptance of the lowest possible retirement age for women has decreased and the acceptance of a retirement at 60 has increased when compared to the situation in 1999. The all-time high in the acceptance of a higher retirement age for women and for men was recorded in 2002. This was probably a reverberation of the debate on retirement ages and pension adequacy that had accompanied the grand pension reform of 1999. The lower retirement age for women is regarded as a just compensation for the double or triple burden of gainful employment-household labour-child care, and as an option to take on grandmotherly duties (OBOP 1999).

I will now sum up the section on aggregate results of institutional and structural changes. Just as in Germany, the pension system in Poland was used for solving labour market problems. The difference lies in the intentions – while the easing of the strain on the labour market was a side effect of policies introduced for other reasons (Ebbinghaus 2002: 163, 179), in Poland it was intentional socio-economic policy which has distorted the relations of the number of economically active to economically passive persons (Kabaj 2003: 46-48).

The inflow rates into pre-retirement benefits, disability pensions and early old-age pensions picture both new institutional opportunities and the rising unemployment. Waves of unemployment swept many persons into newly opened exit pathways in the beginning of the 1980s and after the transformation. Employment rates were falling following the introduction of early retirement in 1981. Till the transformation, disability pensions were the

\textsuperscript{29} The aggregate results were not differentiated by sex. The results are all the more striking when we consider than the wording of the question related it to persons who do not work in conditions detrimental to health.
preferred way of exit due to easy access criteria and low standard of health of the population. The restricted access to disability pensions in 1997 contributed to their decrease in numbers and to the raising of the average age of take-up of such pensions. Employment rates of Polish men and of Polish women aged 50-54 years are going up since 2005. Relief on the labour market is the foremost explanation.

Evasive strategies are another proof of the impact of institutional constraints and opportunities. After the introduction of pre-retirement benefits and allowances and the expiry of early old-age pensions for economic reasons, older workers quickly accommodated to the new options.

Following the introduction of early retirement in 1981, early exit gained in acceptance as a deserved phase of life and established an early retirement culture. It is additionally supported by the unparalleled culture of young grandmothers taking care of their working daughters’ children and the belief that early retirement is a just compensation for women’s double burden. Owing to this, most women in Poland retire at the earliest possible age (55 years).

An exogenous change of preferences with regard to the expiry of the early retirement for women and certain occupations in 2009 is not visible. There is a continued low acceptance for the equalisation of retirement ages and for the standard retirement age for both men and women (65, resp. 60 years). This can be partially blamed on the back-and-forth policy of all subsequent governments since the pension reform of 1999, especially with regard to bridging pensions.

The impact of the new pension system which rewards each year of contributions can be assessed only in the next decade, when the first cohorts will start receiving their old-age pension calculated (partially) according to the changed rules. This is however only a function of long transitory period and does not reduce the validity of hypothesis 4 (see section 2.3.) which is herewith accepted. Institutional changes have an impact on individual life courses, as statutory early exit options were utilised to a great extent shortly after introduction and have given rise to the early exit trend in Poland.

3.3.5. Politics of Social Partners

In this section, the Polish industrial relations model will be sketched. This will be the basis for adjusting hypothesis 7 to Polish conditions. Subsequently, the powers of shop-level
trade unions to shape personnel policy in Polish companies will be described as a starting point for the empirical analysis in section 4.3.

The industrial relations model in Poland is in a state of flux. Kozek (2003: 36-39) views industrial relations in Poland as ‘pluralistic with neo-corporatist elements’, an example of which is the co-existence of four umbrella organisations of employers’ federations (ibid: 24) and of plural unionism at firm and at branch level, while Pocztowski (2003: 429) describes it as a ‘Central European corporatist model’ with high level of state intervention. Most social dialogue takes place at national level (Mailand/Due 2004: 183), as it is the main arena where trade unions have enough political clout due to low cooperation of employers at lower bargaining levels (Kozek 2003: 32). The state is the main player in industrial relations in CEEC (Schroeder 2004).

Second in importance are establishment-level negotiations. Companies are gaining in power in the process of privatisation. They are the main sparring partner for trade unions, as employers’ associations mostly exert lobby functions and are seldom engaged in collective bargaining. Most often, establishment-level negotiations are initiated by trade unions and cover pay, working conditions and employee participation in restructuring (Mailand/Due 2004: 188). They cover 20-35 per cent of Polish companies (Ladó/Vaughan-Whitehead 2003, quoted after Mailand/Due 2004: 189), mostly public companies, large state-owned or privatised companies. Sectoral agreements cover only 6.6 per cent of workers (Kozek 2003: 28).

During communism, works councils as a form of self-government by the workers were established by law in public enterprises (Siewierski 1993). After transformation, the power of employees’ representations was curtailed.

In contrast to Germany, several trade unions at enterprise level can be present. Due to political heritage (OPZZ – established under martial law and linked to the Communist party nomenclature; Solidarność – established shortly before by political dissidents), they occupied (and still do) rival positions, but formed nevertheless a more powerful bloc than the employers (Socha/Sztanderska 1991: 4, 18). In general, the rivalry between trade unions moves them towards more radical positions vis-à-vis management in order to secure their

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30 Branch agreements are seldom conducted, owing to low membership in employers’ associations and the lack of employers’ organisations at sectoral level (Mailand/Due 2004: 187; Kulpińska 2005: 6). Only 20% of employers are organised (Gilejko 2005: 80). Also the Polish paradigm of ‘shop-level trade unions’ hinders sectoral cooperation (Kozek 2003: 17; Kulpińska 2007: 2).
respective constituency and inhibits the coordination and pushing through of interests (Keller 1999: 30-31).

Trade unions have lost ground after the transformation (EC 2004c: 18). Of workers surveyed by the employers’ association Lewiatan (2006: 19-21) employed in the private sector, only six per cent belonged to a trade union, and of those in state-owned enterprises, 28.5 per cent. The remaining areas where they still play a role are state-owned enterprises and branches with high importance for the national economy (energy sector, the military, etc.).

As of 2004, union density in Poland amounted to 17 per cent (European Social Survey; EIRO 2007). About 90 per cent of all companies do not have any workplace representation (Towalski 2004). 22 per cent of workers are employed in a company with such a body, and 35 per cent of the workforce is covered by a collective agreement (EIRO 2007).

Due to the decline of union density after transformation, Schroeder (2004) asserts the tendency towards barring collective agreements and pushing working conditions under the factual minimum standards. I would assume this occurs especially in private, greenfield investments with foreign capital. For the subject of my study, this means that in Poland the state has the power to develop early exit options or to close them. In distinction to Germany, trade unions do not have impact on those regulations, and companies do not have leeway in legal and financial terms to develop firm-based early exit options (Aleksandrowicz 2006).

In 1989, trade unions lost the power to co-decide in cases of dismissals and were to be only consulted in such matters (Socha/Sztanderska 1991: 6); a further curtailment in their powers was accomplished by law of 1. June 2004. In cases of mass-layoffs, the employer has to draw up an agreement with shop-level trade unions regulating the exact procedure of staff reductions, but in cases when an agreement cannot be reached the employer may independently set up respective regulations (http://www.gazeta.prawna.pl/akcje/abc_przedsiebiorcy/pamiec.html). In 2002, a new provision was introduced which allowed the employer to indefinitely suspend any collective agreement when faced with financial difficulties (Towalski 2004).

Breaches of collective agreements and labour laws are frequent in Poland and other CEEC, e.g. with regard to low and delayed wages, working overtime and violations of occupational safety and health (Mailand/Due 204: 189; Kulpińska 2005: 4-5). Collective agreements in Poland usually set the framework for remuneration (including severance payments in case of lay-offs and retirement, jubilee awards and other wage supplements),
working time, occupational safety and health and social issues (health care, social benefits),
altogether a much narrower purview than in Western Europe (Sajkiewicz 2000: 329).

To sum up: the decrease in importance of trade unions in industrial relations might have
a negative impact on the changes for the prolongation of working life as trade unions have
throughout Europe always been the proponents of improved working conditions and quality
of work. A countetendency to that risk is however the obligation to adapt occupational
safety and health standards to EU norms (Solska 2008: 42). The main arena of collective
negotiations is the firm level. Due to the presence of several rival trade unions and the
factual dismantling of their veto power, the management will be the decisive force in
shaping working conditions and deciding upon the internalisation or externalisation of older
workforce. This argument equally applies to early exit policy pursued at firm level. The
related hypothesis 7 will be tested in section 4.3.

3.4. Comparison of the Determinants of Prolongation of Working Life in Germany and Poland

In this chapter, I will compare the institutional and socio-economic framework
which has an impact on retirement transitions and employment in higher age brackets in
Germany and Poland. The chapter will start with a depiction of the current situation (section
3.4.1.), namely the progress of Germany and Poland towards the Stockholm target
(employment rates of the 55-64-year-olds shall reach 50%) and the Barcelona target (the age
of exit from the labour market shall climb by five years) to be reached by 2010. Section
3.4.2. will deal with institutional determinants of this situation and will be used as basis for
testing hypothesis 6. Structural/socio-economic factors depicted in section 3.4.3. will add
additional explanatory variables, and section 3.4.4. will recapitulate the findings.

3.4.1. The Current Situation

We agreed in the first chapters that the employment rates of workers aged 55-64 years
and the average exit age would serve as indicators of prolongation, resp. shortening of
working life, just as in the case of the Stockholm and Barcelona targets set by the European
Council (EC 2004b). There is a strong positive correlation between the degree of fulfilment
of both targets (EC 2007: 66).
Within the EU, Poland occupies the second-worst position with regard to the employment rate of older workers (29.2% in the second quarter of 2007) and is also in the last ranks regarding the average exit age (59.3; 61.4 for men and 57.5 for women; Eurostat data\(^{31}\)). Germany is located in the middle, the employment rate of older workers reached 52 per cent in 2007. It has, however, made less progress than Poland since 2001 regarding the increase of the average exit age and much is to be done to fulfil the requirement of a five years higher exit age by 2010. Latest data, available for 2007, give an exit age of 62 (62.6 for men and 61.5 for women), the increase since 2001 amounting to 1.4 years in the case of Germany and 3 years in the case of Poland

The rear position of Poland has to be qualified in an important respect: Due to the still valid standard retirement age for women of 60 years, the fulfilment of an employment rate of 50 percent among senior workers is almost impossible (Davoine 2006: 61). But even if another indicator as mark of success with regard to active ageing is employed – whether there has been a halt or even a reversal of the falling average retirement age and employment rates of the 50-64-year-olds, Poland has not made progress – with the exception of employment rates of 50-54-year-old men and women.

\(^{31}\) [http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/Annexes/lfsi_act_a_esms_an1.htm](http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/Annexes/lfsi_act_a_esms_an1.htm)
I will now depict the beneficial or detrimental conditions which have brought about this situation and which determine the development of those benchmarks in future. The next section will thus serve as a summary and comparison of the preceding institutional chapters on Germany and Poland. It will also add additional variables at the institutional or socio-economic level which might explain the position of Poland and Germany with regard to the EC targets. However, only institutional variables, together with the knowledge gained from section 3.2. and 3.3., will serve as a basis for testing hypothesis 6 at the end of this chapter.

3.4.2. Institutional Supply-side Factors

This sub-section will list pull factors responsible for the early exit trend in the two analysed countries. It will build on conclusions reached in the two preceding chapters (3.2. and 3.3.), therefore repetitions cannot be avoided. The results will be visually represented in Table 10 at the end of this section.

In both countries, the externalisation of older workforce was a politically intended process jointly pursued by the state, the employers and trade unions (although, as was mentioned before, the intentions were quite different in Germany in the beginning). It has also started around the same date (1970s). The curtailment of early exit options has also commenced in the same period (mid-1990s), but has farther proceeded in Germany (Szatur-Jaworska et al. 2006: 155-6; Naegele 2002: 223).

The process of public policy-making in both countries is characterised by ‘ups and downs’ and ‘stop and go’ (comp. Schömann 2006: 134 on the example of Germany). This can be seen on the example of bridging pensions in Poland, and the prolonged period of receipt of the unemployment benefit for elderly persons in Germany. Germany has however farther progressed on the path towards the curtailment of early exit options and closed the gaps to alternative exit options (the unemployment and disability pathway). Moreover, the phasing-in of a higher retirement age is a clear political declaration that a trend reversal has been completed (although the measure is objectionable with regard to pension adequacy and polarisation of exit pathways). In contrast, Polish farmers, still forming about 20 per cent of overall workforce, profit from insurance in KRUS while paying small contributions, and incentives for their early withdrawal from the farm where set with the introduction of structural pensions in 2005. Not to mention judges, prosecutors and the armed forces, for
whom a separate pension system is maintained and no attempts at unifying it within FUS are made.

Pension and other benefit systems pose incentives for early exit. One indicator which exhibits a strong negative correlation with employment rates for older workers is the net pension replacement rate for the standard old-age pensioner (EC 2007: 85). Poland offers generous replacement rates for persons retiring within the old public pension system (76%) valid for persons born before 1948, whereas the replacement rate in Germany (58%) is below OECD average (69.7%) (OECD 2007).

The available exit pathways are another pull factor, as they might invite evasive strategies when the main old-age pension pathway is closed. While the disability pension functioned in Germany for a long time as outlet for the unemployed into inactivity (Voges 1994), the reform of 2001 has curtailed that practice. In Poland, disability pensions have not yet been brought in line with old-age pensions with regard to the pension formula. The unemployment pathway was closed in Germany (no new beneficiaries of the facilitated receipt of the unemployment benefit) but not in Poland (continuous take-up options of pre-retirement benefits).

The population in Germany and Poland is orientated towards an earlier retirement age than that set by legislative regulations. The average age at which Poles interrogated in the year 2006 planned to retire was 60.6 years; 62.7 years in the case of men and 58.3 years in the case of women (Zgierska 2007: 7). 32 In Germany, workers on average plan to retire at the age of 61.6. (men – 62 years; women – 61.1. years) according to the Ageing Survey of 2002 (Engstler 2004: 13), or at the age of 63 (men), resp. 61.6 (women) according to the Eurobarometer of 2003 (Esser 2005: Annex A). The differences may be to some extent due to different ages of respondents – the older, the higher is the probability than one might utilise still available early retirement pensions. If we look at the age ranges within which the respondents plan to retire, a striking outcome is the higher percentage of Germans (37.2%) than Poles (13.7%) who expect to retire below the age of 60/61, and the higher share of

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32 That age would be even lower if also those responses were considered which did not give an exact age but an age range.
33 In the Polish survey, workers aged 50-65 years were interrogated, in the Ageing Survey 2002 – workers aged 40-59, and in the Eurobarometer 2003, workers aged 25+.
Poles (21.2%) than Germans (11.5%) who plan to retire between the age of 60/61-64. However, Germans seem to have internalised the trend toward longer working lives, as the difference to 1996 results suggests (Engstler 2004), while Poles have since 1999 clung to their ideal of a low retirement age for all, and a very low for women (CBOS 2007). Interrogated about the reasons for leaving the last job or business, 2/3 of 55-64-year-olds in the EU named the availability of old-age pensions or their attractive financial conditions (EC 2007: 79-80; MPiPS 2008: 50; LFS data from 2001, 2005 and 2006). This proves that voluntary exit prevails and addressing its pull determinants might bring about a change. Regarding involuntary reasons for exit, in Germany, more persons (ca. 17%) than in Poland or EU-25 (ca. 12%) have left work because of health reasons. In Poland, dismissals or other work related problems accounted for 20 per cent of job exits (comp. to ca. 8% in Germany).

The institutional variables included in my analysis are presented with their respective value in Table 10.

### Table 10: Country values on supply-side variables which have a positive impact on the prolongation of working life

<table>
<thead>
<tr>
<th>Variable</th>
<th>Germany</th>
<th>Poland</th>
</tr>
</thead>
<tbody>
<tr>
<td>declared political will to end the early exit trend</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>consistent policy-making</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>low replacement rate (in rel. to OECD average)</td>
<td>+</td>
<td>–</td>
</tr>
<tr>
<td>disability pensions granted solely on medical grounds</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>closed or phasing out early retirement pensions without deductions</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>last early retirement pension (without deductions) will expire 2015 or earlier</td>
<td>+</td>
<td>–</td>
</tr>
<tr>
<td>closed unemployment pathway</td>
<td>+</td>
<td>–</td>
</tr>
<tr>
<td>equalisation of retirement ages for men and women</td>
<td>+</td>
<td>–</td>
</tr>
<tr>
<td>adaptation of retirement preferences to changed pension rules (across several years)</td>
<td>+</td>
<td>–</td>
</tr>
<tr>
<td>pension calculation honours postponement of retirement</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>opportunities for combining work and partial pension</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td><strong>RESULT</strong></td>
<td><strong>10+/1</strong></td>
<td><strong>5+/6</strong></td>
</tr>
</tbody>
</table>

**Explanations:** The positive signs indicate that the variable in question applies in the given country context, the negative signs indicate that the variable does not apply.

Germany has ten positive values (opportunities) and one negative one (barrier), and Poland has five institutional, supply-side opportunities and six barriers to a prolongation of working life. On that basis, the institutional part of hypothesis 6 is not supported with regard to Germany (as the institutional configuration of early exit is, contrary to the hypothesis,

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34 An explanation might be the broader age range („below 61“) in the German survey (there is no opportunity to retire at 59 in any of the two countries) and the temporary distance between those two surveys.

35 An exact comparison is not possible, as no studies on retirement plans were conducted in Poland before 2006.
conducive towards the prolongation of working life) and supported with regard to Poland.\textsuperscript{36} The chances for Germany for a sustainable reversal of the early exit trend are higher than for Poland. A point in Poland’s favour is a quicker rise of the exit age since 2001.

The European Commission (2007: 113-4) argues in the same line. With regard to the Stockholm target, its fulfilment by Poland and EU-25 is deemed unlikely by 2010 but possible by 2013. The Barcelona target will not be reached by any EU country in near time.

3.4.3. Structural Demand-side Factors

Besides of institutional factors, structural factors (in the meaning of socio-economic, demand-side orientated or \textit{push} factors) were included as mediators in the original model (Fig. 3 in section 3.1.). I will present the most important structural factors which will allow me to place the conclusions from the preceding institutional chapters in a broader framework and to restrict or supplement the analytical value of hypothesis 6.

Germany is better positioned with regard to the sectoral distribution of older workforce, as Table 11 shows. Services are an expanding sector, which benefits older workers, especially older women (EC 2007: 88; Schömann 2006: 128). Employment in the service sector raises the chances of older workers to stay on the job.\textsuperscript{37} Still, the service sector in Germany is slightly underdeveloped compared to EU-15 average (Schömann 2006: 129-130). In Poland, a worrying matter is the still high share of workers of all ages employed in agriculture despite the reductions from an even higher level (one third of workers) since 1980. Moreover, workers of pre-retirement age dominate in that declining sector (http://www.doradcaprow.pl/prow/index.php?gid=84).

\begin{footnotesize}
\textsuperscript{36} The second part of hypothesis 6 on the impact of organisational factors will be tested on basis of establishment-level studies in the empirical section 4.

\textsuperscript{37} Admittedly, also service workers experience risks to health, which may diminish their chances for continued employment (Jansen/Müller 2000), especially nursing staff or persons employed in the transportation sector (Behrens 1999: 82-83). Nevertheless, services show on average a prevalence of low-strain work organisations, and are characterised by a higher grade of autonomy (European Foundation 2008: 40); the self-employed and service workers retire later than civil servants and manufacturing workers (Esser 2005: 14).
\end{footnotesize}
Table 11: Sectoral distribution of workers aged 50 years and more in Germany and Poland (2008)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Agriculture</th>
<th>Mining</th>
<th>Industry</th>
<th>Energy &amp; water supply</th>
<th>Construction</th>
<th>Services incl. trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>2.6%</td>
<td>0.3%</td>
<td>19.9%</td>
<td>1.5%</td>
<td>5.9%</td>
<td>69.7%</td>
</tr>
<tr>
<td>Poland</td>
<td>21.1%</td>
<td>1.1%</td>
<td>16.8%</td>
<td>3.1%</td>
<td>7.8%</td>
<td>50.2%</td>
</tr>
</tbody>
</table>


The chances for prolonged employment rise with the qualification level (Courtioux/Erhel 2006: 33; Zaidi/Fuchs 2006: 16). Within EU-27, Germany and Poland are well-positioned with regard to the educational attainment of prime-aged workers of whom more than 80 per cent have completed at least upper secondary education (EC 2007: 210). That poses chances for the increasing deployment of future cohorts of older workers in expanding knowledge-intensive industries. With regard to current older workers, the situation looks quite well in Germany (OECD 2005a: 126) and not as good in Poland, where only 45 per cent of persons aged 50-64 years have completed higher or upper secondary education (MPiPS 2008: 39).

There is a strong correlation between the educational attainment of older persons and their participation in education and training (EC 2007: 95). While Germany has a well-organised system or initial vocational education, it is lagging behind Northern European and Benelux countries in the field of continuous training, especially with regard to the training of older persons (OECD 2005a: 127-8). The Polish system of adult education is underdeveloped and persons aged 50+ and the unemployed are seldom included in such measures (MPiPS 2008: 40-41). The low numbers of training at workplace level are, inter al., due to overrepresentation of SME which do not have enough funds for schooling (Wiśniewski 2002: 335). The Polish government wants to target education subsidies on persons aged 45+ and refund establishments for up to 80 per cent of training costs (MPiPS 2008: 17ff).

Despite the better infrastructure, Germans aged 55-64 have comparatively low participation quotas in further training. In the year 2004, 3.1 per cent of them participated in further training, compared to 8.2 per cent among all workers aged 25-64, and to 30.1 per cent among elderly Swedes\(^{38}\). Older Poles were only slightly better positioned with regard to further training (quota of 4%; OECD 2005a: 128).

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\(^{38}\) „Ältere im internationalen Vergleich: Früh krümmt sich...“, IAB Forum 2/06, 53-56.
Due to the negligence in the field of education and sectoral and geographical mismatches, unemployment in Poland is of structural character, while in Western Europe, it is caused by economic factors and the business cycle (Borkowska et al. 2003: 55). The share of long-term unemployed, among whom older persons are overrepresented, is higher in Poland than in Western Europe (ibid: 57). The overall unemployment rate was quite high in Poland in 2006 (13.9% as compared to 9.8% in Germany and 6% in OECD countries), and has fallen to 9.8% in 2007 (and to 8.4% in Germany). Still, the unemployment rates in both countries are higher than the EU-27 average of 7.1 per cent, which poses lower chances for a successful integration of older persons in the labour market.

Earnings profiles in Germany rise into the 40ties or 50ties and decline afterwards, with the exception of the public sector (EC 2007: 89; OECD 2005a: 112). In Poland, the seniority principle in wage formation is strongly developed and has a significantly negative effect on employment rates of 55-64-year-olds (EC 2007: 90-91).

Poland ranks high with regard to the deployment of older workers in manual occupations (57%), Germany slightly below the average (46%) (OECD 2005a: 64) which might inhibit the workability in old age. Poland has a low share of workers aged 50-64 years of both sexes performing part-time work (between 11.6% and 17.7%), Germany an even lower share part-time workers among older men (6.3%) (ibid: 66). This poses a barrier to spreading the practice of gradual retirement and to adjusting work requirements to older workers’ capacities. The high percentage of older Germany women in part-time work (46.6%) to some extent reflects their broken careers.

Age discrimination in recruitment and in access to training-on-the-job is frequently reported by older labour market participants. The share of persons aged 55+ reporting age discrimination is slightly higher in Germany (close to 6%) than in Poland (close to 4%) or in EU-25 (4.3%) (EC 2007: 89). This might reflect different stages of awareness with regard to ageism. A barrier to continued employment is the utilisation of standard or early retirement age as a condition justifying dismissal, or fixing such terms in the work contract (Kocher 2005: 307; Maniewska 2006).

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39 The concept of „further training“ applied in the European LFS encompassed all kinds of education or training, be it vocational or conducted in the free time, regardless of the financing source (individual, employer, employment office) in preceding four weeks.
Poles occupy low positions with regard to the subjective rating of health. Only 15 per cent of Poles aged 55-64 regard their health status as “(very) good”. The respective share for Germany is 72 per cent (EC 2007: 93). The self-perceived health status correlates with employment rates of older workers (ibid).

The further life expectancy at the age of 60 has increased across the EU. Increasing longevity creates opportunities for the postponement of retirement. The EU-27 average in 2003 was 21.7 years. Older Poles will live shorter than the average (19.8 years), Germans longer than the average (22.1 years) (EC 2007: 57). The difference to Germany and other Western European countries is largest with regard to the (further) life expectancy of men: Polish males born in 2005 will live six years shorter than their German peers. The shorter the life expectancy, the larger the propensity to exit the labour market early in order to enjoy last years of life (that would be in line with the economic life cycle hypothesis; Dinkel 1988: 134). Poles can however await a longer period (both in absolute and relative terms) of healthy life years, both measured at birth and at the age of 65 (Eurostat data).

The forecasted demographic changes in Germany and Poland pose a smaller chance for the prolongation of working life than is often claimed (Kistler 2004). The potential labour force will not decrease as steeply as to create significant employment effects for older workers in the next decades. Until 2050, the share of 30-49-year-olds among the potential labour force will decrease in Germany from 54 to 48 per cent by 2050, and the share of workers aged 50-64 years will rise from 23 to 30 per cent (Fuchs/Dörfler 2005: 2).

Demographic projections of Eurostat from the year 2007 show that in Poland, the share of persons in ‘immobile working age’ (45-59/64) will increase from 15.7 per cent to 33.8 per cent of working-age population by 2050, and the share of persons aged 0-24 years will fall from currently 36 to 25 per cent (MPiPS 2008: 34). The percentage of persons of working-age in the population will fall from currently 64 to 50.4 by 2050 (ibid). Around that date, the last generation of baby-boomers from mid-80ties (Rosner/Stanny 2008: 1) will reach retirement age.

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40 Assumptions: annual migration rate of 200,000 persons, rising (female) employment rates. The prognosis has not yet taken into account the effects of the retirement age raised to 67, therefore the employment rate of persons aged 65+ are forecasted at the 2005 level.

41 Assumptions: fertility rates 1.1. in 2010, afterwards 1.2; life expectancy 77.8 years (74.6 men, 81.2 women) in 2015, afterwards 80 years (77.6. men, 83.3 women); negative net migration of 24,000 persons in 2010; (http://www.stat.gov.pl/gus/45_648_PLK_HTML.htm). The Eurostat baseline variant from 2004 assumes negative net migration of 35,913 in 2010.
The position of older workers on the German and Polish labour markets might improve due to those developments, but only if the policy of early deactivation of older workers will be suspended both by public and corporate policy-makers. Barriers might be the continuing reservations of employers towards older workers with regard to their innovation potential and their efficiency, and the continuing practice of releasing ‘problem groups’ instead of adapting organisational structures accordingly.

Moreover, the labour market will still be characterised by mismatches in qualificatory and regional terms (Buck et al. 2002: 22), and productivity rises may diminish the absolute demand for labour (Fuchs 2005: 269). On the other side, there are worries that an aged labour force will be less productive and slow down economic growth (ibid: 269). This might occur as result of the deployment of older workers at positions with low innovation potential, owing to the still prevailing belief in the deficit model (Wolff 2000: 35). All in all, it can be said that the long-term impact of demographic changes on the employment prospects of older workers cannot be assessed. Therefore, that variable is not included in the final analysis (Table 13 at the end of this section).

High trade union density and the spread of workplace representation may on the one hand inhibit job growth (Socha/Sztanderska 2000: 39) and perpetuate pressures on the preservation of legislatively framed early exit options. On the other hand, it may boost the improvement of working conditions and workers’ participation in matters like further training, promotion etc. Because of the equivocal assessment, statistical indicators on industrial relations in Poland and Germany (Table 12) will not enter the final comparison of barriers and opportunities (Table 13 further down below).

### Table 12: Figures on labour relations

<table>
<thead>
<tr>
<th></th>
<th>Germany</th>
<th>Poland</th>
<th>EU-25</th>
</tr>
</thead>
<tbody>
<tr>
<td>union density</td>
<td>18%</td>
<td>17%</td>
<td>25%</td>
</tr>
<tr>
<td>employers’ organisation density</td>
<td>63%</td>
<td>20%</td>
<td>58%</td>
</tr>
<tr>
<td>workplace representation*</td>
<td>53%</td>
<td>22%</td>
<td>53%</td>
</tr>
<tr>
<td>collective bargaining coverage*</td>
<td>65%</td>
<td>35%</td>
<td>66%</td>
</tr>
<tr>
<td>degree of bargaining centralisation</td>
<td>47%</td>
<td>20%</td>
<td>34%</td>
</tr>
</tbody>
</table>

* in % of workers.

The structural variables discussed in this section are visualised with their respective country values in Table 13.
Table 13: Country values on demand-side variables which have a positive impact on the prolongation of working life

<table>
<thead>
<tr>
<th>Variable</th>
<th>Germany</th>
<th>Poland</th>
</tr>
</thead>
<tbody>
<tr>
<td>high share of services, low share of agriculture</td>
<td>+</td>
<td>–</td>
</tr>
<tr>
<td>high educational level of prime-aged workers</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>high educational level of older persons</td>
<td>+</td>
<td>–</td>
</tr>
<tr>
<td>high further training quotas of older persons</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>low-developed seniority principle in wage formation</td>
<td>+</td>
<td>–</td>
</tr>
<tr>
<td>low share of older workers in manual occupations</td>
<td>+</td>
<td>–</td>
</tr>
<tr>
<td>high incidence of part-time work of older workers</td>
<td>+</td>
<td>–</td>
</tr>
<tr>
<td>low perception of ageism</td>
<td>–</td>
<td>+</td>
</tr>
<tr>
<td>frequent rating of health as ”(very) good”</td>
<td>+</td>
<td>–</td>
</tr>
<tr>
<td>long further life expectancy at 60</td>
<td>+</td>
<td>–</td>
</tr>
<tr>
<td>long healthy life expectancy</td>
<td>–</td>
<td>+</td>
</tr>
</tbody>
</table>

RESULT 8 + / 4 3 + / 9

Explanations: The positive signs indicate that the variable in question applies in the given country context, the negative signs indicate that the variable does not apply. The ‘low’ and ‘high’ values are defined in relation to EU-25, EU-27 or OECD average (with the exception of ‘healthy life expectancy, for which no comparative data was available) based on data available in spring 2008.

Table 13 shows that Poland has more socio-economic barriers to the prolongation of working life both in comparison to Germany, as well as in relation to socio-economic opportunities. That strengthens the message of hypothesis 6 (see section 3.4.1.) – also when socio-economic determinants of early exit are taken into consideration, Germany is better positioned in order to overcome the early exit trend than is Poland.

3.4.4. Conclusions

In the comparative institutional chapter 3.4., I have analysed barriers and opportunities to the prolongation of working life stemming from supply-side determinants of early exit in Poland and Germany. We have learnt that both countries set incentives in the 1970s and 1980s to exit early. Those policies have resulted “in a self-fulfilling prophecy regarding the attitudes, aspirations and motivations of older workers” (Taylor 2006: 85). First attempts at a reversal were made two decades after, with the help of more strict rules for granting disability pensions, malus rules for taking up early retirement pensions, and active labour market policies. Pension reforms have had effects on raising the employment rates of older workers in Germany but not yet in Poland, while the effect of active labour market policies has been small (inter al. owing to their low popularisation in Germany, and their narrow extent in Poland).

Although there is a declared political will in both countries to reverse the early exit trend, the mode of policy-making has been very inconsistent, which by itself serves as incentive to early exit. The low replacement rate, as an incentive to continue working, is a
fact in Germany rather than in Poland. (Gender differences in average replacement rates are large in both countries.) The disability pathway has been closed in both countries with the exception of the assessment criterion of the pension level in Poland (this should have been brought in line with that of the reformed old-age pensions by 2009, but President Lech Kaczyński has exercised his power of veto and stopped the law on grounds of „unfairness“; the veto was later upheld by the Parliament\(^{42}\)). Early retirement pensions will soon not be available without deductions in Germany, while in Poland, ‘bridging pensions’ will be available to some of the persons previously entitled to early retirement who still remain in the old pension system. Poland also lags behind Germany with regard to the still open unemployment pathway, and the opinion of Poles on the optimum age of retirement have also not adapted to changed circumstances across the years.

On part of demand-side variables, Poland suffers from several structural inhibitors to the prolongation of working life when compared to Germany: it is still a country with a high share of agricultural work, resulting in structural unemployment. Older workers are low-educated, employed to a high extent in manual occupations, and seldom participate in part-time work. Moreover, their subjective health status is low till medium when compared to Germany.

That knowledge lets us assume that it will be more difficult for Poland to achieve a sustainable reversal of the early exit trend when the institutional and socio-economic setting is concerned. The next chapters will assess hypothesis 6 with regard to the personnel policy of firms.

4. Prolongation of Working Life at Establishment Level

In the following chapters, I will present the results of qualitative analyses in German and Polish companies. Beforehand, I will give a literature overview focusing on selected aspects of HRM\footnote{Throughout the study, I will deploy the term 'human resource management' as synonym to 'personnel policies', denoting the broad array of tasks performed by the personnel department. As 'age management', I understand 'personnel policy in view of an ageing workforce' or 'arenas and measures addressing demographic change' (Kistler et al. 2006). Those policies may also encompass early retirement.}, with regard to older workers. The overview will present several explanatory variables in the field of personnel policy and show which factors are beneficial and which are detrimental to the integration of older workers on the job. A second function of the overview will be to shed light on the general shape of personnel policy and age management in German and Polish firms in the light of representative surveys. That will serve as a basis for detailed analyses in sections 4.2. and 4.3. based on my firm case studies.

In the literature review, I will first show general aspects of HRM and introduce the concepts of ‘internalisation’ and ‘externalisation’ of older workers. Afterwards, I will focus on the personnel policy field recruitment, further training, health management and employee exit as those constitute in my view the basic levers which decide whether older workers have a chance to enter employment and to be retained. A similar focus is followed by practice-orientated literature on age management (Länge/Menke 2007; Bertelsmann Stiftung/BDA 2003, Morschhäuser 2002, 2005, a.o.). The focus on training and health policy stems from the fact that those two fields of action are core elements of workability (Kerschbaumer/Räder 2008: 38).

4.1. Literature Review

4.1.1. The Role of the Overall human resource management Strategy

State policies and shop floor policies towards older workers can be clustered, following Naschold et al. (1994a: 453, 455) and Rosenow/Naschold (1994: 46), in two ideal types:

1) the demand-side orientated externalisation strategy, where “the government offers incentives to firms and workers to transfer the employment-linked risks of older workers to the welfare state system”; the related strategy of firms is to outsource personnel problems to the external labour market by sorting out older workers and/or the recruitment of younger ones;
2) the supply-side orientated *internalisation strategy* based on the ´work for everybody principle´, resulting in an integration of older workers. Firms following that strategy solve personnel adjustment problems on the internal labour market, by adjusting the qualificatory and health potential of the current workforce and securing workplaces.

According to Naschold et al. (1994a), Germany follows a marked externalisation strategy where older workers are treated as a flexibilisation resource homogeneously across industrial sectors and production regimes. Firms respond in their policies to incentives set by state actors and social partners. Policies differ between small and large companies, the latter more frequently resorting to regular dismissals and high labour turnover (ibid: 466). Although this study is ten years old, only little has changed in German companies since then (comp. Brussig 2005: 14).

The authors propose the following division of personnel policies by their externalising/internalising character (Table 14):

**Table 14: Firms´ basic employment/retirement strategies**

<table>
<thead>
<tr>
<th>Internalisation</th>
<th>Externalisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>part-time jobs</td>
<td>age-selective redundancies (possibly accompanied by social plans)</td>
</tr>
<tr>
<td>occupational pension</td>
<td>active disincentives to older workers</td>
</tr>
<tr>
<td>partial pension</td>
<td>financial incentive programme</td>
</tr>
<tr>
<td>redeployment within enterprise</td>
<td>no attempts made to humanise working conditions</td>
</tr>
<tr>
<td>reemployment</td>
<td>early retirement after a given number of insurance years</td>
</tr>
<tr>
<td>health and safety measures</td>
<td>retirement provisions linked to overall state or demand for labour</td>
</tr>
<tr>
<td>sheltered jobs</td>
<td>retirement linked to health and performance level</td>
</tr>
<tr>
<td>anti-discrimination legislation</td>
<td>not filling vacancies after labour turnover</td>
</tr>
<tr>
<td>further training/retraining</td>
<td>disability pensions in case of health impairments</td>
</tr>
<tr>
<td>career development</td>
<td></td>
</tr>
<tr>
<td>age-ing friendly workplaces</td>
<td></td>
</tr>
<tr>
<td>utilisation of active labour market measures</td>
<td></td>
</tr>
<tr>
<td>short-time work as alternative to dismissals</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Naschold et al. (1994a: 473), Rosenow/Naschold (1994: 48); own modifications and additions.*

A sustainable personnel policy requires the inclusion of both alleviating measures for older workers with already limited work capabilities, and of preventive measures for workers of all ages (Köchling/Deimel 2006: 115ff), but that prescription is seldom followed in practice. The German IAB Establishment Panel found out that *externalising* measures like the early retirement scheme were offered most often by the surveyed firms (and more frequently by large firms with 500 and more workers), while *internalising* measures like further vocational training and age-mixed teams existed in less than the half of firms, and measures directed at older workers only (special equipment of workplaces, lower performance requirements) were offered by a very small faction (Bellmann et al. 2007: 4).
Non-reaction or externalisation of older workers is a frequent way of dealing with the challenge of an ageing workforce in German companies (BIBB 2005: 2-3). Long-term orientated age management strategies are missing in German companies. The firms rather develop *ad hoc* strategies when confronted with a concrete challenge and resort to the option of ´wait and see´ and “*short termism*” (Morschhäuser 2005: 302; Marstedt et al. 2003: 40-41; Benedix et al. 2007: 41-42). In line with the *deficit thesis*, firms perceive older workers as subject of care and protection and not as potential (Marstedt et al. 2003: 190-2).

With regard to Poland, no research is available on age management strategies, but strategic HRM is more frequently pursued in large companies and in companies with foreign investors (Pocztowski et al. 2001: 15). An international comparison (Harper et al. 2006: 36) revealed that Polish employers and employers in countries with young populations make the least endeavours to retain experienced older workers.

The privatisation of Polish companies had a mixed effect on HRM. On the one hand, it resulted in rise of pay, differentiation of wages and salaries, greater autonomy of management and rise in quality, but on the other hand, it was accompanied with personnel reduction and closing of works councils (Siewierski 1993: 146) and in radical infringement of the decision-making power of the workforce within the company (Bednarski 2003: 149, Jarosz 1997: 65). EU accession will presumably have a positive effect on further aspects of HRM in Polish companies, especially with regard to the ban on discrimination in hiring and employment, the freedom of access to trade unions and employers’ associations, free collective bargaining, and coordinated policy with regard to further training and occupational safety and health (Pocztowski 2004: 217). This may strengthen the position of older workers. On the other hand, rules of market economy introduced in Poland, accompanied by higher demands and higher pace of work, although inevitable, push older workers out of the labour market.

**4.1.2. Recruitment Practice**

Older workers run a lower risk of becoming unemployed than younger workers, but once unemployed, they remain in this status for a longer period. Recruitment opportunities for workers 50+ are therefore one of the crucial levers of prolongation of working life, even more as the risk of becoming unemployed rises in times of frequent shop closures and downsizing, especially in Poland.
Difficulties with recruitment of qualified staff was seen as the most pressing personnel problem in two German firm surveys conducted in 2000 (Buck et al. 2002: 37, 39; Schneider/Stein 2006: 6). One third of companies surveyed by the IZA institute (ibid) reported problems with filling executive positions, but the recruitment of older workers or prolonged employment of older managers is not regarded as a viable alternative. The IAB Establishment Panel of 2002 revealed that half of German firms would hire older workers without any conditions, and one third of them would hire older workers if a subsidy was paid by the employment office (Brussig 2005: 12). The factual hiring behaviour is more gloomy – the minority of German firms hired one or more workers 50+ in the year 2004 (Bellmann 2005) – for the most part due to a lack of job applications of older persons, but also due to missing competences or a general bias towards older workers.

In Poland, already three fourths of private employers perceive problems with finding new staff, in which case more than half of them is willing to hire older workers (Ipsos 2007: 10-12), but the majority of employers would hire a younger worker given equal qualifications and equal wage demands (Tokarz 2007a: 11). However, the mass migration of young Poles to Western Europe creates an opportunity for older job-seekers, especially in building and construction. Among Polish firms which recruited workers in 2007, the majority hired also workers aged 50 years and more (Ipsos 2007: 9). Job applications from ‘50pluses’ were reported more often than in the German survey. However, most Polish employers do not know the institutional incentives and subsidies for hiring older workers (ibid: 7).

Reasons for the hesitant recruitment of elderly applicants are inter al. their assumed lower capabilities and their assumed higher wage expectations as transported by neo-classical labour market theories. Older workers on-the job (‘insiders’) are assessed in preferential terms, whereas the approach to older job-seekers (‘outsiders’) is biased (Köchling/Deimel 2006: 127-8; Koller/Gruber 2001: 492-3, 500; Ipsos 2007). Establishments which have experience with older workers assess them in more positive terms (Brussig 2005: 13; Bellmann et al. 2003: 144-5; Ipsos 2007: 29). The catch-22 is that the most frequent measure applied by firms with older workforce in Germany is early retirement, resulting in their massive exodus at the age of 55-60 years. Therefore, firms have little or no experience with workers at the age of 60 and more and perceive no need of a holistic personnel policy. Older job applicants as per se seen as potential ATZ users with a short period of gains from human capital investments and therefore rejected (Köchling/Deimel 2006: 126, 156).
Objective barriers for the recruitment of older unemployed are their low qualifications – in Poland, the requirements for many jobs have risen, like computer literacy and knowledge of foreign languages, which are seldom fulfilled by older applicants (Perek-Bialas/Ruzik 2004a: 22).

### 4.1.3. Further Vocational Training

The basic components of *workability*, understood as the capacity of workers to perform their given job tasks, are health and qualifications (Ilmarinen/Tempel 2003: 92). Analyses of the causes of early exit account for the importance of working conditions, work organisation and opportunities for further training at the workplace (Molinié 2005; Szubert/Sobala 2006; Morschhäuser 2003: 61-62), as do subjective ratings of the ability to continue work until retirement (Ebert/Fuchs/Kistler 2006: 497; European Foundation 2007: 33, 2008: 46-47; Zgierska 2007: 8). Investment in training is important against the background of development to a knowledge-based economy, which offers employment chances to older workers (EC 2007: 35). This is even more important in Poland with its upheavals in the course of transformation to a market economy.

Qualificatory deficits and inability to learn new things, given by Polish managers as reasons for the rejection of older applicants are often the result of routine tasks and deficient job design which do not support the usage of existing qualifications and creation of new ones (“*disuse effect*”; Koller/Plath 2000: 118). Older workers run the risk of deskilling after the introduction of new technologies and new organisational concepts and the risk of a too narrow, establishment-specific specialisation (Clemens et al. 2003: 58-60). Lifelong learning and the diversification of work tasks are basic prerequisites for the preservation of innovation ability (Dworschak 2006: 219-220).

However, only one fourth till one third of German, resp. Polish employees of all ages received training paid by their employer in 2005, the most disadvantaged being workers who perform monotonous tasks with narrow decision latitude (European Foundation 2007: 49) – although those groups of workers need more training in order to preserve their learning and adaptation ability and their productivity potential. Over half of German firms do not include older workers in further vocational qualification (Bellmann et al. 2007: 4), a higher share than in Poland (Ipsos 2007: 42). The main form of age-related personnel measures in the field of training in German firms is the know-how transfer onto younger successors; customised training programmes or adaptation of the speed or organisation of
learning to the needs of older persons are pursued less often (BIBB 2005: 3-4). Similar analyses on firm-based training of older workers in Polish companies are missing.

The low inclusion of older persons in further training is a symptom of a general malaise in German (and probably also Polish) companies – the concentration of incentives for work and promotion on workers up to their 40th year (Buck 2006: 8-9). This results both in lower motivation and narrow specialisation of workers beyond that threshold, and in early wear of middle-aged workers (Morschhäuser 2005: 296; Wolff 2000). Low investments in further training of older workers are explained by firms with the shorter depreciation period. However, this argument is inconsistent as each qualification, also of graduates, becomes obsolete with time and needs an update (Behrens 1999: 111).

4.1.4. Working Conditions and Health Management

The number of accidents at work, reduction of working time and the quality of work correlate significantly (in the first case negatively, in the other cases positively) with employment rates of persons in higher age brackets (Davoine 2006: 65-66, 72-73). Physical risk factors (environmental risks, physical load/position risks and biological, chemical and radiation risks) have decreased across EU for workers aged 55+ in the last ten years, “although it cannot be determined whether this is due to an adaptation of organisational models (...) or rather because of the early exit (...) of workers engaged in physically demanding work” (European Foundation 2008: 37-9). The fact that physical risk factors have increased for workers aged 45-54 years would suggest the second interpretation. A sustainable age management should therefore take into account working conditions of workers of all ages.

Poles have the second-highest ratings with regard to the negative impact of work on health, and the highest rate of health risk resulting from physical working conditions, while only ¼ of Germans report such effects (European Foundation 2007: 61, 64). According to the Polish Labour Inspectorate, working conditions in Poland are rather bad – offices are crowded, factory floors lack social facilities, occupational safety and health is deficient, and opportunities for telework are much less developed than in Western Europe due to lower computerisation rate (Halik 2002: 25, 27; European Foundation 2003: 23-24). I thus assume

Indicators of ‘quality of work’ are inter al.: high participation in training, low in-work poverty rate, low rate of accidents at work, very high percentage of part-time employment (Davoine 2006: 69).
that physical working conditions in Polish enterprises pose a higher risk for early exit than in Germany.

A modern understanding of occupational safety and health should take psychical hazards (e.g. stress, work overload, tight working schedules) and social hazards (work climate, teamwork) into account as well (Oppolzer 2006: 46ff). Preventive health management and further training raise or preserve the physical and cognitive capabilities of older workers, which are crucial for matching actual productivity of older workers with productivity implied by seniority wages, and thus contribute to their retention (EC 2007: 91). Instead of sheltered workplaces, labour medicine recommends to avoid unbalanced specialisation and unbalanced stresses and introduce a diversification of work tasks (Dworschak 2006: 212; Morschhäuser 2002: 18). Other ideas for an internalising work organisation include teamwork, vertical careers and horizontal specialisation (Behrens 1999: 87ff, 104).

In practice, (German) firms do not utilise those recommendations. Externalisation is the most frequent solution for physically impaired workers next to the provision of sheltered workplaces (which have however been reduced in most companies) (Behrens 1999: 90; Koller/Gruber 2001: 502), and only a minority of firms practice health management beyond measures stipulated by law (Bellmann et al. 2007: 3).

4.1.5. Termination of the Employment Contract

In line with actor-centred institutionalism, firms choose that one among several strategic options which costs them the least. Externalisation is cheaper for firms than career development or workplace design and preferred in most cases as strategy for dealing with impaired workers, as it is subsidised by the state (Behrens 1999: 111). At the end of the 1980s and well into the 1990s, the ‘59 rule’ was more attractive to German firms than ATZ (which at that time was possible only in the part-time model) as all costs could be shifted to the statutory unemployment and pension insurance (Stück 2003: 10-11). Early retirement via ATZ and other firm-based options is used in Germany in order to reduce personnel levels in a ‘socially acceptable’ way and in order to prevent dismissals (Stück 2003: 39; Schmidt/Hartmann 1997: 116-7, 136; Teipen 2003). German firms practice the externalisation strategy via early retirement with regard to older workers, which is uniform across sectors (Rosenow/Naschold 1994: 249-250).

Whereas in Germany, the main reasons for the utilisation of early retirement for personnel reductions are economic problems restricted to the given firm or branch
(Schmidt/Gatter 1997: 168), in Poland early retirement is motivated by large-scale economic restructuring, the need to dispose of excess employment and to replace workers with inadequate qualifications, and by the collapse of many state-owned companies (Danecka 2005: 33; Mroczkowski et al. 2005: 37, 44; Jarosz 1997: 48). In the course of privatisation, workers in state-owned companies with strong works councils and trade unions (e.g. in the energy sector) often managed to negotiate 4-10 years of employment guarantees in exchange for their consent to the privatisation (Bednarski 2003: 146-7). In such cases, personnel reductions often take the form of voluntary departures. Large-scale personnel reductions in Poland at the end of the 1990s can be therefore explained with the termination of employment guarantees (Borkowska et al. 2003: 73). Large firms most often resort to early retirement in order to avoid dismissals (Mroczkowski et al. 2005: 48; Siewierski 1993: 144; Jarosz 1997: 49). Those findings suggest the interpretation that personnel reductions affect Polish workers more frequently than German workers. In both countries, personnel reductions pose a risk for prolonged employment due to the utilisation of early retirement.

4.1.6. Conclusions

The previous chapters showed that age management measures are not widely practised yet, neither in Germany nor in Poland. Externalisation strategies prevail, while internalising measures are underdeveloped. Firms exhibit a rather short planning horizon (1-5 years ahead) and do not yet take into account the challenges of demographic and workforce ageing. A corresponding opinion was voiced by the representatives of the German Employers´ Association whom I interviewed in autumn 2003.

Polish firms have less developed human resource management in the meaning of an innovative and strategic way of dealing with the workforce (Weitbrecht/Braun 1999: 92ff) than in Germany. This shows in the way personnel is recruited, deployed, trained and protected against safety hazards and health risks. However, that backward position of Polish firms might change in the medium run as management techniques of new foreign owners are adopted, and as EU regulations (e.g. in the field of occupational safety and health and equal opportunity) will be implemented and enforced.

Structural conditions, above all the situation on the labour market, determine the way the work contract is terminated. Early retirement is used by both Polish and German firms as a ´socially acceptable´ way of downsizing.
4.2. German Firm Case Studies

In the following chapters, I will describe and analyse the findings from the interviews conducted in German firms and from collected statistical and collective bargaining material. The key question is whether those inner-firm policies and regulations allow a prolongation of working life. More specifically, I will distinguish between internalising and externalising measures as depicted in section 4.1.1. I will also answer the hypotheses formulated in the initial sections of this work.

In the next sections, I will deal in detail with the overall shape of HRM in the studied German firms, with recruitment practice, further training, health management (including the integration and rehabilitation of incapacitated workers) and with firm-level policies guiding the end of work life. That division follows the structure of section 4.1. It is orientated towards personnel policy areas rather than towards instruments or goals (an example of the latter is Frerichs/Bögel 2008); a similar structure was applied by the European Foundation (Naegele/Walker 2003). I did, however, not include dimensions like working time, promotion, career development, personnel deployment, teamwork, or work organisation, except where it touches upon the issue of health management or further training. Reasons for omittance are that I regard the acquisition of competences and the preservation of good health as core determinants of prolonged working life in line with the workability model of Ilmarinen (2005: 133). Moreover, the qualitative interviews did not allow to cover all those aspects in detail.

In each HRM field, I will typify ´good practice´ examples. I will resort here to policy recommendations given in literature (see section 4.1.) and develop my own analytical grid of ´good practice´. Afterwards, I will elaborate on the reaction of firms and of the workforce (as perceived by my interviewees) to legislative changes, and describe the mode of negotiations on HRM issues between the management and employee representatives.

In the final section, I will repeat the results of Hypotheses testing. I will also construct a typology of firms in my sample which will specify, on the one hand, the criteria of ´good practice´ applied in the sections dealing with recruitment, training, health management and exit policy. That dimension will visualise the degree to which those policies are internalising, resp. externalising older workers. The other dimension will visualise the degree to which those policies are elements of an elaborate age management strategy or, v.v., symptoms of ´muddling through´ and rather reactive, short-term policies.
4.2.1. Presentation of the Studied Establishments

The studied 14 establishments (firm sites) in Western Germany employed between 300 and 16,000 workers at the time of the first interview (Table 15). The sample covered various branches of the economy, with an overrepresentation of manufacturing and there, the foodstuffs industry (5 firms) and transportation equipment industry (3 firms). Three establishments belonged to the services sector and were either civil service organisations or public bodies, consisting mostly of clerks.

The share of ‘50pluses’ of at least ten per cent among the workforce was one of the sampling criteria. The personnel statistics of firms were not homogeneous and depicted the workforce in different age ranges. Firm DE-4, a statutory health fund, was the youngest one, and the high-tech Firm DE-12 the oldest one.

The average age across twelve firms in the sample with 500 and more employees which provided such data was 42.7 years. Compared to the average age of workforce in West German firms of the same size in 2003, it was 2.5 years higher (Bellmann et al. 2006a: 49).

The average share of workers aged 50+ or 51+ in ten firms from the sample with 500 or more workers which provided data for that age range (with Firm DE-7 and Firm DE-8 counted as one due to missing detailed data) was 24.9 per cent. Representative data for firms of the same size in Western Germany report an average share of ‘50pluses’ of 22.4 per cent (ibid: 119). Thus, firms in my sample represent a comparatively aged faction of firms in Western Germany. However, the age structure of firms in my sample in most cases reflects regular staff, while firms in the IAB panel are described including apprentices, which lowers the average age of the workforce.

Eight establishments closed the balance sheet year 2002 or 2003 (depending on the provided data) with operating profit, four with deficit.
### Table 15: Establishments studied in Western Germany in spring 2004

<table>
<thead>
<tr>
<th>ALIAS</th>
<th>SECTION of econ. activity (based on main activity) acc. to ISIC</th>
<th>No. of EMPLOYEES in 2003 (*=incl. apprentices)</th>
<th>% of workers „50 PLUS“ in 2003</th>
<th>AVERAGE AGE of workers in 2003</th>
<th>Legal FORM OF FIRM; ownership (* = foreign)</th>
<th>FINANCIAL CONDITION at the end of 2002/2003</th>
<th>INTERVIEWEES in spring 2004</th>
<th>OTHER qualitative data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm DE-2</td>
<td>Financial Intermediation</td>
<td>1,118*</td>
<td>20.1%</td>
<td>40.5 years</td>
<td>Public body</td>
<td>profit of 8.4 million €</td>
<td>HRM</td>
<td></td>
</tr>
<tr>
<td>Firm DE-3</td>
<td>Man. of Basic Metals</td>
<td>4,293</td>
<td>27.2%</td>
<td>41.3 years</td>
<td>Limited liability company*</td>
<td>profit of 67.137 million €</td>
<td>2 WCM</td>
<td>short talk with specialist on occ., pensions</td>
</tr>
<tr>
<td>Firm DE-4</td>
<td>Compulsory Social Security</td>
<td>336 (2004)*</td>
<td>12% (2004)</td>
<td>37.5 years</td>
<td>Public body</td>
<td>deficit of 5.4 million €</td>
<td>HRM</td>
<td></td>
</tr>
<tr>
<td>Firm DE-5</td>
<td>Man. of Transport Equipment</td>
<td>3,243</td>
<td>21.5% (Germany-wide)</td>
<td>46 years</td>
<td>Limited liability company*</td>
<td>profit</td>
<td>2 WCM</td>
<td></td>
</tr>
<tr>
<td>Firm DE-6</td>
<td>Man. of Food Products and Beverages</td>
<td>711</td>
<td>22.6% at age 45-54, 19.8% at age 55+</td>
<td>41 years</td>
<td>Stock corporation; private ownership</td>
<td>deficit of 7.7 million € (group result)</td>
<td>WCM, HRM</td>
<td>factory tour</td>
</tr>
<tr>
<td>Firm DE-7</td>
<td>Man. of Food Products and Beverages</td>
<td>1,328 (2004)</td>
<td>21.2% at age 45+ (2004) (25.5% at age 50+ Germany-wide)</td>
<td>42.3 years</td>
<td>Limited liability company*</td>
<td>confidential data; world-wide: operating companies’ income of 1,282 million €</td>
<td>5 HRM responsible for ageing issues</td>
<td></td>
</tr>
<tr>
<td>Firm DE-8</td>
<td>Man. of Food Products and Beverages</td>
<td>491 (2004)*</td>
<td>25% at age 51+ (2004)</td>
<td>43.7 years</td>
<td>Limited liability company*</td>
<td>as above</td>
<td>WCM</td>
<td></td>
</tr>
<tr>
<td>Firm DE-9</td>
<td>Man. of Food Products and Beverages</td>
<td>1,692 (incl. subsidiaries at same location)</td>
<td>16.5% at age 51+ (incl. subsidiaries at same location)</td>
<td>39.3 years</td>
<td>Limited partnership company*</td>
<td>confidential; worldwide: profit of 505 million €</td>
<td>2 WCM, HRM</td>
<td></td>
</tr>
<tr>
<td>Firm DE-10</td>
<td>Man. of Transport Equipment</td>
<td>15,558*</td>
<td>14% at age 51+</td>
<td>41.1 years</td>
<td>Stock corporation; private ownership</td>
<td>profit of 3.1 billion € (group results)</td>
<td>HRM</td>
<td>factory tour</td>
</tr>
<tr>
<td>Firm DE-11</td>
<td>Man. of Food Products and Beverages (two sites)</td>
<td>867</td>
<td>23.8% at age 51+</td>
<td>44 years</td>
<td>limited partnership with a limited liability company as general partner</td>
<td>confidential (probably profit)</td>
<td>2 WCM &amp; HRM</td>
<td></td>
</tr>
<tr>
<td>Firm DE-12</td>
<td>Man. of Medical, Precision and Optical Instruments (two sites)</td>
<td>691</td>
<td>44.4%</td>
<td>47 years</td>
<td>limited partnership with a limited liability company as general partner</td>
<td>deficit of 34.6 million € (group results)</td>
<td>2 HRM</td>
<td></td>
</tr>
<tr>
<td>Firm DE-13</td>
<td>Electricity, Gas a. Water Supply (group)</td>
<td>2,413*</td>
<td>20% at age 51+</td>
<td>42 years</td>
<td>Stock corporation, private ownership</td>
<td>profit of 4.5 million €</td>
<td>2 WCM</td>
<td></td>
</tr>
<tr>
<td>Firm DE-14</td>
<td>Man. of Transport Equipment</td>
<td>1,260 (2004)</td>
<td>34.9% at age 50+ (2002; at several locations)</td>
<td>46 years (2002; at several locations)</td>
<td>Limited liability company*</td>
<td>deficit of 59,223 million € (Germany-wide)</td>
<td>HRM</td>
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</tr>
</tbody>
</table>

*The acronym HRM stands for “representative of human resource management”, WCM for “works council member”. The numbers indicate how many of each were interviewed. A “&” in-between indicates that both parties were interviewed jointly.*
4.2.2. Overall human resource management strategy

I will start this section with the definition of older workers given by the interviewed personnel managers and employee representatives. Afterwards, I will describe the overall orientation of personnel policy with regard to the age of workers (age-blind, favouring younger workers, favouring older workers) and its main focus (e.g., personnel reductions, know-how transfer, health management). I will also present firms which have an age management policy, which takes into account the ageing of the workforce. Age management may be pursued in singular areas, e.g. in recruitment, or take the shape of an integrated age management strategy (Frerichs/Sporket 2007: 8).

Older workers, the personnel policy towards whom I am studying, were defined differently by the German interviewees. The most popular criterion was calendar age (11 answers). The interviewees named the age of 50, 55, and even 40 and 45. The age threshold was often related to the firm-specific situation (10 entries) – where job tasks required a physically or mentally able person and contributed to the early wear and tear of workers, or the personnel practice in such fields as further training, recruitment or promotion discriminated against workers of a certain age and turned them into ´older workers´ relatively early. In many cases, both the managers and works councils had the same idea of the old-age threshold. That is, the firm practice which excludes or includes workers of a certain age acquires an institutional status which shapes the life courses of workers (Mayer 2001: 164) and contributes to the ´chronologisation´ of the life course (Kohli et al. 1983: 24).

German interviewees were hesitant with answering directly the question about problems or chances connected with older workers in the firm. Only a few named assets or drawbacks of that age group. ´Expert know-how´ was the only asset named by five interviewees, and negative characteristics were mentioned by ten persons – lower mobility, lower ability and willingness to learn new things, lower motivation, lower interest to deal with new, innovative ideas, worse health status, lower performance, or the existence of seniority rulings granted independent of actual performance. Those opinions are in accord with arguments of neo-classical labour market theories which explain the worse position of older persons on the labour market (e.g. Soltwedel/Spinanger 1976). (Some experts qualified their
opinions by adding that similar traits could be found among the middle-old and the young and that one could not generalise.)

An ´age-blind´ personnel policy does not apply discriminatory mechanisms towards older workers. However, in cases where older workers are worn out due to unfavourable working conditions or insufficient further training, such age-blind policy may appear as ´muddling through´ and non-reaction. An ´age-sensitive´ or ´age-balanced´ policy is therefore required (Köchling/Deimel 2006: 105ff), denoting that personnel policy is approached from the “demographic focus”.

Only few respondents answered the question about the general direction of personnel policy – whether it was age-blind, favouring older workers or favouring younger workers. A typical example of the first type is the civil service establishment Firm DE-1. Personnel policy in the German civil service is subject to a high degree of legal regulation and may not differ by age (1_Firm DE-1_HRM45). Some exceptions from this rule exist, but they are to the benefit of older workers, e.g. seniority wages.

None of the interviewees (neither HRM nor employee representatives) assessed that the policy of the establishment favoured the young. Only a closer examination of singular areas of personnel policy (see next chapters) revealed mechanisms which favoured either young or old workers and applicants.

A dedicated age management strategy was found in four establishments only; see Box 1 for one example. Other firms which take into account the ageing of the workforce and which developed personnel policies in more than one policy field are Firm DE-7, Firm DE-10 and Firm DE-13.

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45 The first number denotes the timing of the interview (1 – spring 2004, 2 – autumn 2006), HRM/WCM—whether the interviewee was a human resource manager or a works council member (usually chairman/-woman).
Box 1: Dedicated age management strategy in Firm DE-3

At the time of the second interview, Firm DE-3 had started conceptualising a HRM strategy. Age management was designed as a part of it, albeit not all facets of the ageing workforce were of interest for the firm. Firm DE-3 puts a focus on further training and redeployment of aged workers. Many of them are migrants with only scarce knowledge of German and had been hired four decades ago for unqualified workplaces. On the one hand, they work at workplaces which cause early wear and tear. For persons at such workplaces, the personnel manager plans job rotation and job enrichment during the whole worklife, as the redeployment of already incapacitated workers to less physically demanding workplaces has provoked resistance: “The older persons from the blast furnace (...) did not want to change to the workshop as much money can still be made in shiftwork.” (2_Firm DE-3_HRM).

On the other hand, many older workers are deployed at dequalifying workplaces where “one may do everything besides thinking. They have done that for 30 years and then ceased thinking at all” (2_Firm DE-3_HRM). Due to their low qualifications, those older workers were in times of personnel reductions transferred to an outplacement agency where they will have to be qualified to fit into new workplaces.

Since 2006, Firm DE-3 is covered by the Collective Agreement on Demographic Change developed by IG Metall. It obliges the covered companies to conduct an analysis of the age structure, qualification and work burdens of the workforce. The personnel policy measures developed on that basis shall be consulted with the works council (2_Firm DE-3_WCM). The collective agreement suggests the creation of age-mixed teams, job rotation and qualification. However, it also suggests the use of long-term work accounts as a vehicle for early exit, and define the “lowering of average age through intensified employment of former apprentices” as “top priority” (information from the document).

Other firms did not pursue an HRM strategy but respondents pointed to certain policy measures directed at older workers which are rather reactive and setting in when there is acute need. The pursued measures are sign of treating older workers as a ‘problem group’ rather than as ‘resource’. Policies for older workers aim to alleviate the negative consequences of being old (through the provision of sheltered workplaces and protection against dismissals) and to cushion the income loss in the transition to retirement (through the provision of early exit measures co-financed by the firm). The employer thus acts as the provider of social benefits.

Table 16 depicts the main orientation of personnel policy towards older workers in all studied German establishments. It can be seen that passive measures, treating older workers as a group in need of care or aiming at their externalisation (right side of Table), are more widespread than measures which treat older workers as a resource and aim at utilising or enhancing their potential (left side and middle of Table). ‘Protective measures’ include downgrading protection, extra holidays, exemption from certain work and jubilee awards.
Table 16: Focus of personnel policy with regard to older workers

<table>
<thead>
<tr>
<th>Firm</th>
<th>health management</th>
<th>personnel deployment</th>
<th>know-how transfer</th>
<th>further training</th>
<th>change management</th>
<th>age-adequate workplaces</th>
<th>early retirement</th>
<th>protective measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>DE-1</td>
<td></td>
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<td></td>
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<td>X</td>
<td>X</td>
</tr>
<tr>
<td>DE-2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>DE-3</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
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<tr>
<td>DE-4</td>
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<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>DE-5</td>
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<td>X</td>
<td>X</td>
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<tr>
<td>DE-6</td>
<td>X</td>
<td>X</td>
<td></td>
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<td></td>
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<tr>
<td>DE-7</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>DE-8</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
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<td>X</td>
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<tr>
<td>DE-9</td>
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<td></td>
<td>X</td>
<td>X</td>
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<tr>
<td>DE-10</td>
<td>X</td>
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<td></td>
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<td>X</td>
<td>X</td>
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<tr>
<td>DE-11</td>
<td></td>
<td>X</td>
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</tr>
<tr>
<td>DE-12</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
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<td>X</td>
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<tr>
<td>DE-13</td>
<td></td>
<td>X</td>
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<td>X</td>
<td>X</td>
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<td>X</td>
<td>X</td>
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<tr>
<td>DE-14</td>
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<td>X</td>
</tr>
</tbody>
</table>

Source: own data; accounts of personnel managers or relations of WCM, also about planned changes in coll. or works council agreements. Flexibilisation of working hours and rules of promotion were not taken into consideration in the analysis.

I noticed two factors which were conducive to taking age management on the agenda – a committed person in power and perception of risks (or chances) stemming from demographic or workforce ageing (e.g. in Firm DE-13 and Firm DE-14).

Respondents in ten firms perceive demographic ageing as a factor affecting the firm’s market position or recruitment chances. Nevertheless, only few of them have already conceptualised a HRM strategy for dealing with those challenges (as was shown above). That evidence holds Germany-wide – firms insufficiently take into account demographic effects in their actual policy (Brussig 2005: 13). As risks related to workforce ageing, most frequently looming personnel shortages and know-how losses after the retirement of experienced workers were named.

The perception of demographic or workforce ageing shapes age management in the studied German firms, although not always in the direction of prolonged working life – the orientation on early retirement still prevails as one of the goals. Managers either were not aware that demographic changes affected their firm (opinion of WCM at Firm DE-8), or rejected dealing with demographic change for fear of ageism:

“[O]ur staff mirrors the social reality. We have not had any programmes to rejuvenate the workforce or, the other way round, to secure more experienced older persons – nothing of that kind! We work with people who are there. And, at the moment (…), we do not perceive the need to fiddle with it. Anyway, we cannot change anything about it! Demography is a given.” (2_Firm DE-11_HRM)

But not only managers were of that opinion, the view was shared by the WCM in Firm DE-5.
This section has shown that an ‘age-friendly’ or ageist attitude is often not reflected by firm-level policy makers but reveals itself upon closer inspection. An age-blind personnel policy may nevertheless discriminate against older workers, e.g. if performance requirements based on physical aptitude of young workers are applied to them (Schmidt 2004: 96).

Age management strategies which intentionally address the ageing of the workforce, and holistic HRM policies are seldom. Isolated policies, inter al. in the field of know-how transfer, health management, further training, early retirement or a general protective attitude towards older workers prevail (Table 16). Most of those measures have an externalising effect upon older workers, or treat them as passive recipients of benefits.

Discovering a business case in the integration and development of workers of all ages is a facilitator of age management at firm level. Another facilitator, also visible in my case studies, is the impact of US American (co-)owners which are trend-setters with regard to anti-discrimination policy (Deller et al. 2008: 238). That shows the impact of firm culture – not in the form of cultural hegemony or dominance effects, but rather as a rational adaptation of practices which have proven effective in another context and as an instrument of international integration (Edwards 2004).

Another variable included in the original model of firm agency (Fig. 1 in chapter 2.) was the perception of demographic change. That perception is not always translated into action, e.g. retention of older workers or recruitment of older applicants. The realisation of the ageing of the workforce may inhibit age management and lead to a concentration on early exit if the process is perceived as a problem. Even holistic age management strategies in firms in my sample include early retirement as a fixed component allowing to preserve the current age structure and the inflow of young recruits. The concerted initiative of social partners at branch level is also a factor which may foster age management, demonstrated on the example of the Collective Agreement on Demographic Change.

The qualitative panel allowed me to examine whether age management was a consistent strategy or subject to disruptions by external circumstances (as laid out in Fig. 1 in chapter 2.). Factually, both setbacks due to the downward economic trend and personnel reductions were visible in the second round of interviews, as well as positive developments due to the risen awareness of firm-level actors, pressure by employee representatives or more acute problems connected to demographic change, proving the value of my explanatory variables.
4.2.3. Recruitment Practice

Good practice in recruitment entails the absence of age bars in job advertisements, positive discrimination towards older workers, hiring applicants only on basis of their qualifications and abilities, and the counselling of persons responsible for recruitment in the company on how to overcome stereotypes (Walker/Taylor 1998: 3; Naegele/Walker 2003: 231). Increasing the recruitment ratios of older applicants is one of the levers with which higher employment rates of ‘50pluses’ can be achieved. A non-discriminatory policy is all the more important in times of rising unemployment and of increased share of temporary contracts and contingent workers.

Recruitment practice was a difficult topic to explore in the firm case studies as I had to rely only on the reports of the interviewees (no data on new recruits was provided), coupled with the opportunity to cross-check the accounts of managers and of the works council. Moreover, in seven firms under study in 2004 and in seven firms in 2006, personnel reductions were taking place. Altogether in ten establishments, a hiring freeze and the preferential recruitment of former apprentices or internal applicants was the leading recruitment policy at either one (or both) times of the study. That left little material for the study of recruitment practice. For this reason, neither hypothesis 3 (see section 2.2.) can be assessed here, nor can a ‘good practice’ example be given.

However, some basic patterns could be discerned. Young workers (former apprentices, college graduates) and middle-aged workers (although the threshold to ‘old age’ was defined differently, between 40-50 years) are preferred as new recruits in the studied establishments. The most frequent argument against the hiring of older persons was the envisaged rejuvenation of the workforce. That was most explicitly formulated by respondents in six firms but existed as undercurrent in recruitment politics of many other firms.

The objective of workforce rejuvenation had in some firms the status of informal rules and instructions. The personnel development manager in Firm DE-14 reported that the management board had defined the requirement to recruit graduates in order to improve the “compressed” age structure (2_Firm DE-14_HRM). The HRM in the metal-manufacturing company said: “Up till now, the philosophy is to recruit not the old but the young. (...)

46 In line with the quoted literature, ‘good practice’ is understood here as analytical and not normative concept. It entails measures which „combat age barriers and/or promote age diversity” (Naegele/Walker 2006). I did not analyse whether ‘good practice’ was conducive for good economic results of the firm.
[short laugh] Because we have enough old ones and do not know what to do with them.” A WCM in the same firm explained the trend towards rejuvenation of the staff with the accomplished rejuvenation of the management:

“[H]ere in the plant, superiors who enter a new department and who are, say, 45 years old will of course take care that they do not bring in an old one who is 55 and who is maybe even more experienced. I experience that very concretely in the works that there are attempts to reorganise a department, meaning that if one is the superior, one is the oldest. That entails that if I am 35, I will get workers who are younger than me – and not older.” (2_Firm DE-3_WCM)

The opinion that rejuvenation of the workforce was needed was more often expressed by managers. The preference for younger workers was voiced irrespective of the actual age structure of the workforce. The arguments brought forward against the hiring of older workers were the inadequacy of positions, the disregard of the qualification of older workers, general preference for younger persons and neo-classical arguments (lower performance of older workers, seniority system, legal and collective dismissal protection, prohibition of certain work, shorter depreciation period of HRM investments).

The shorter depreciation period of investments in human capital was brought forward as recruitment barrier by the chairman of the works council in a utility. Due to personnel reductions and outsourcing, the remaining vacancies are highly specialised workplaces which require four till six years of on-the-job training.

And if you hire him at 55, you can calculate that at some point it does not make sense. Soon he’ll be over 60 and is almost about to retire (…).” (2_Firm DE-13_WCM)

Despite the generally youth-orientated recruitment policy, some chances for older workers nevertheless appeared in the studied firms. Personnel managers in five firms declared that they were giving equal chances to applicants of all ages. An ‘age-blind´ recruitment policy in those firms does however not entail that workers of all ages have equal access to all positions, as they are regarded as unsuitable for certain jobs (e.g. for physically demanding work, customer service in case of young customers or jobs involving the use of modern technologies). In such cases, older applicants are not taken into consideration regardless of their individual capabilities (e.g. opinion of HRM in Firm DE-13).

Those findings support hypothesis 2A and falsify hypothesis 2B (see section 2.2.) for the time being with regard to recruitment practice of German companies. Older workers above a certain age threshold (set by the given firm) are perceived as less able and as a potential ´problem group´. Stereotypical ascriptions (less able to learn new things, less physically capable, less productive, low depreciation period because of propensity to early exit) or the aim to rejuvenate their workforce lead to a rejection of older applicants
regardless of their individual capabilities. Scholarly literature confirms part of those negative ascriptions to older workers – the fluid intelligence and associated short memory capabilities and capability to quickly learn new things, physical strength, vision and hearing decline in the process of ageing (Cattell 1971; Gerlmaier 2007). On the other hand, older workers can compensate for the losses with their experience (Semmer/Richter 2004).

The low inclusion of older applicants in recruitment may also be due to yet another fact – respondents from six firms reported that their establishment seldom receives applications from persons over 49 years.

The findings from firm studies can be viewed against the broader basis of experts’ assessments from employment offices, who were interviewed in autumn 2003. The official from a regional employment office holds that only SMEs below 500 workers are willing to hire older employees, while “[y]ou won’t manage to place anyone in a manufacturing firm” (JR_27 10 2003). The director of a local job placement agency confirmed the appraisal that SMEs are more willing to hire older workers, as they value their “absolute reliability” more than the newest technological know-how (KB_17 11 2003).

On overall, it can be concluded that only few companies recruited workers at the time of the first or the second interview due to ongoing personnel reductions and preference for the protection of ‘insiders’; works councils played an active role in enforcing the latter. Generalised beliefs about older workers block off their access to new workplaces. With regard to those beliefs, I found no differences as to whether the jobs entailed a high amount of cognitive work or physically burdening body postures and heavy lifting. For the first kind of jobs, older workers are regarded as having obsolete technological knowledge, and as too worn out and physically feeble for the second kind of jobs.

Chances for older workers to become integrated in the labour market (and not only in short-term measures) rise in times of employment stability, as there have to be available vacancies at all in order to pose chances for older applicants. Another beneficial factor for the recruitment of older workers is a positive assessment of the age structure. The firm case studies have shown that chances for older applicants open up in firms which have problems to find qualified workforce.

Due to ongoing hiring freeze (if not personnel reductions) in most firms, the qualitative panel did not provide to a more thorough picture in this policy field.
4.2.4. Further Vocational Training

The inclusion into further training raises the workability of older employees. It is also the prerequisite for their re-deployment in less demanding workplaces (e.g. as clerks instead of assembly workers) and for promotion to higher positions which are often the best guarantee of long-term workability (Behrens 1999: 103). Good practice in initial and further training at firm level calls for

- equal access given to workers of all ages;
- affirmative action in order to make up for possible ageism in the past;
- abolishing stereotypes about the learning ability and motivation of older workers;
- offering learning opportunities during the whole working life (lifelong learning);
- career development rather than tailoring training to one specific workplace;
- establishment of a learning environment at the workplace;
- tailoring training to the learning methods and experience of older workers or providing training in order to redevelop the motivation to learn;
- regularly examining the training needs of workers of all ages (Walker/Taylor 1998: 3-4; Naegele/Walker 2003: 229).

The thorough examination of all those aspects in the studied firms was not possible, but the collected evidence sheds some light on the practice of dealing with older training participants or participants-to-be.

Only in three firms did personnel managers report that older workers in their firm may experience difficulties with gaining access to further training, and two personnel managers perceived some barriers with regard of further training for certain groups of workers (be it older workers or shift workers) depending on the attitude of the direct superior.

In the foodstuffs company Firm DE-7, where hard statistical data on the training participation of older workers was available. While younger workers participated on average in 5.5 training courses in the last two years, the 50-59-year-olds attended in the same period only 2.76 courses, and ‘60pluses’ even less (2.09 courses).

However, to conclude from those examples that the employer discriminates against older workers in further training would be wrong. The interviewees explained the telling numbers with the low motivation to learn on part of older workers. Also gerontological literature noticed that phenomenon – which is due to a mixture of personal and firm-related factors (e.g. qualification level, general interest in learning, but also age-adequate training concepts and the degree of autonomy in training decisions; Frerichs/Bögel 2008b: 6-7). My firm case studies demonstrated that unwillingness to participate in training may be a reflection of latent ageism in the organisation. To give again the example of Firm DE-7:
“The movements within the firm – upwards or to new jobs – are concentrated in one decade. [=30-40 years] (...) The general philosophy in this country rubs off on us even more, as a company which is subject to operating pressure. We praise the young ones, who are always laughing, who are always friendly, the winners, the ones who push their way to the front. Due to this, one is used to step aside almost automatically as one ages. (…) As at some point, they notice without saying ‘I am not needed any more, I am not asked any more’.” (1_Firm DE-7_HRM)

Another firm-related reason of low learning motivation may be the **disuse effect** – workers whose ability to learn new things was not used for a long time, e.g. because of narrow specialisation or monotonous tasks, lose that competence (Frerichs 2007: 73-4). A vivid demonstration of that effect is the metal-manufacturing company **Firm DE-3**, where the personnel manager wanted to train older workers to assume dual careers during their work life. He met with resistance from older workers who had performed monotonous tasks for decades:

“That is hard graft where you can do anything but think. (laughs) They have done that job for 30 years and have given up thinking. They have to be met there and systematically, slowly accustomed to other things.” (2_Firm DE-3_HRM)

**Pull** factors like the availability of early retirement options are also a barrier to higher training quotas of older persons, as they influence their own considerations of the usefulness of training. E.g., in a utility company, the rejection of further training already by persons as young as 45 was motivated by the proximity of retirement:

“As one exits anyway on average at 60, 62 or something like that, therefore it’s not worth it to do something about qualification if he is (...) 55... It’s not worth it. That argument isn’t valid anymore if I work until 65 or even 67 instead of 55. (...) My subjective assessment in this company is that that is still wide-spread. That saying ‘I don’t have to do it anymore, the young ones will do it’.” (Firm DE-13_former HRM interviewed in 2006)

Those findings suggest the conclusion that the lower attendance of training by older workers which is reported at aggregated, Germany-wide level (BmFSFJ 2005: 135) could be the result of a mixture of causes rather than direct ageism.

On the basis of those findings, hypothesis 2B (see section 2.2.) is accepted with regard to further training. Hypothesis 2A (ibid) is not supported as my case studies have shown that the lacking inclusion of older workers in further training in some cases is linked to the experience that those workers are not willing to undergo training (notwithstanding the underlying reasons for that unwillingness). The training policy in most firms can be assessed as **internalising** (see the explanation of that concept in section 4.1.1.), giving equal access to workers of all ages. Special measures for older workers in the field of training were planned only in a minority of firms. As that makes for an insufficient basis to speak of ‘age management’ in the field of further training, hypothesis 3 can be assessed solely under...
consideration of equal access to further training. Hypothesis 3 then is not supported, as there is little variation on the dependent variable (only in one case did the interviewees outright say that there is no equal access to further training), which invites the interpretation that neither the economic situation of the firm nor the age structure of the workforce play a determining role for the access of older workers to training.

An example of ‘good practice’ in the field of further training is presented in Box 2. Other innovative examples are Firm DE-3 (‘dual careers’) and Firm DE-10 (‘age-sensitive training’).

**Box 2: Good practice in further training of older workers in Firm DE-13**

| Firm DE-13 applies innovative concepts in further training. Dual careers (training in multiple competences in order to be able to perform various tasks) are designed for workers (also older ones) with low employability stemming from monotonous task or for those working in physically burdening positions. Within that 1-year qualification measure, mechanics were trained as electricians, and v.v. The training, introduced around the end of the 1990s, was intended as break with the former practice of staying in one occupation for a lifetime without the need of acquiring new qualifications. 

Dual careers (called “combined initial training”) were intended to promote the employability of workers and to prevent them from becoming too narrowly specialised. At the same time, they helped to meet the business goal of “cultural change” after the liberalisation of energy markets.

Workers above the age of 40 were at first “terrified” that they have to participate in initial training again, but with time adapted to it and found it useful (Firm DE-13_interview with another WCM in 2006).

To sum up: Older workers in German firms do not have equal access to further training, but less because of an intentional ageist policy and rather due to a mixture of personal and firm-related causes (lacking opportunities for development in monotonous jobs which do not arouse the need to learn something new and which block creativity; no career development, opportunities for promotion and variety in job tasks; coupled with ‘one size fits all’ training courses and with the lower interest of superiors in training workers who are approaching retirement). Older workers are not used to learning any more, demotivated due to missing promotion opportunities, or orientated towards early exit. At the same time, age-adequate training measures are missing. Also the formalisation of further training in works council agreements is low. On overall, one can not speak of ‘age management’ in the field of further training.

I did not notice essential differences in the assessment of the training ability or motivation of older workers depending on the function of the interviewee (employee
representative or manager). However, managers usually had more information on that issue and openly talked about deficiencies in the field of further training.

No large changes occurred in the field of training policy between the two interview dates. However, the qualitative panel was helpful in such cases when I included persons (either managers of works council members) who had not been interviewed in the first wave, as that completed the picture.

4.2.5. Health Management and Working Conditions

Public health experts differentiate between the concepts of ´health management´, ´workplace health promotion´ and ´occupational safety and health´. The first one is an umbrella concept, encompassing both measures at preventing occupational accidents and diseases, minimising risky situations and improving working conditions, and preserving workability and good health by offering sports, nutrition courses and prevention of substance abuse (Badura/Ritter/Scherf 1999: 17). Health management includes a third pillar on top - ´integrated human resource management´ which understands health promotion as a mainstreaming task and aims at organisational development in the direction of a more health-conducive working environment (Oppolzer 2006: 19).

´Best practice´ in health management calls for the following measures:
- age-adequate working conditions;
- prevention of occupational diseases, accidents and work incapacity;
- promotion of a health-conscious way of life among employees;
- integration of reconvalescents;
- ergonomic improvement of working conditions;

The German government attended to the subject of a healthy work environment with its programme ´humanisation of work´ already in the 1970s and 1980s. This initiative has been taken up by trade unions, e.g. NGG (Buschak 1985: 362-3). The responsibility of health funds for the implementation of health management in firms was fixed in 1988 in § 20 of the Social Code V: Statutory Health Funds. Health funds shall cooperate with the statutory accidence insurance in workplace health promotion and have earmarked funds for ´occupational setting´ measures. The EC Directive on Occupational Safety and Health of 1989 influenced the German system of occupational safety of 1996. Since its implementation in German law as of 1996, the new rulings demand the creation of a health-supportive working environment considering both physical and psychical working conditions, and the coupling of behavioural and relational prevention (Oppolzer 2006: 20ff).
With regard to long-term ill and handicapped workers, the legislator has obliged companies in 2004 to examine options of overcoming work incapacity and preserving the workplace of the impaired worker (§ 84 sect. 2 Social Code IX: Rehabilitation and Participation of Handicapped Persons; Schubert 2006: 11). Companies with more than 19 workers are also obliged to have at least five per cent of severely handicapped persons among their workforce.

The 14 German firms were studied with respect to the working conditions and whether those supported a working life until the standard retirement age (or the retirement age raised to 67) and if there had been any improvements in terms of ergonomics or technical progress. Another question concerned the scope of health management in the company.47

Most of the studied firms apply (to varying degrees) measures to preserve the health of its workforce, especially firms with a high physical workload (energy sector, metal-manufacturing). However, on the other side, there were firms from the food manufacturing branch which are also exposed to high physical risks, irregular working hours and high absenteeism and accident rates (Kistler et al. 2006: 34). Therefore, the assumption can be refuted that policy follows objective demand (with the exception of one firm with factually high accident rates on which I have detailed data). Neither can the branch development in economic terms serve as explanatory factor here (see Table 18 in section 4.2.6.). Rather, an engaged works council which initiated the idea of holistic age management (with a focus on participatory elements and on health risks of blue-collar workers) played a role in some cases, as well productivity concerns.

Most often, the objective of health management in the studied firms is to reduce absenteeism rates and diseases, to preserve the workability of the workforce, or to reduce occupational accidents. Most of those goals are driven by cost-benefit considerations. This can be both a barrier and a driving force for active ageing. A barrier it may be if pressure is exerted on the employees to show up for work despite an illness or an injury, so as to improve the statistics on absenteeism and work accidents, especially if accompanied with restrictive follow-up interviews after sick leave (e.g. prevention of quality defects in Firm DE-10 and Firm DE-13).

47 All firms in my sample which have an automated production hall and workplaces at an assembly line apply measures to prevent work accidents as it is required by law. Also the employment of a part-time or full-time company physician is required for large firms. Health check-ups upon recruitment and regular check-ups are required for certain professions, as are occupational safety precautions and job-site inspections. Such measures will therefore not be considered in the evaluation of health management in the studied firms.
The interview guideline for my firm case studies included topics which centred on measures applied at firm level when an older worker was no longer able to cope with the demands of his/her usual workplace. Sheltered workplaces (e.g. gatekeepers, tool distributors, cleaners) were used by many firms in the sample for the redeployment of work-incapacitated workers and newly hired severely disabled workers. In the course of personnel reductions and outsourcing, most of those easier workplaces have been closed. The studied firms had divergent approaches how to compensate for the loss of those workplaces and to deal with incapacitated (older) workers:

1) ‘No reaction’ or ‘wait and see’, and as a consequence, a policy of externalisation – when first signs of a health impairment occur, workers are shifted to easier workplaces, if available, and released on disability pensions as the last resort. (Other exit pathways are the early retirement scheme, work incapacity pensions, early retirement pensions, social assistance, paid/unpaid leave or an outplacement scheme.) The working conditions for blue-collar workers in those firms are overall rather unsuitable for work until the 67th year. Some of the firms provide legal support to workers who apply for a work incapacity pension. The occurrence of health impairments is seen as a natural result of the process of ageing. The responsible persons do not seem to take into account work-related causes of early disability and diminished workability.

2) A policy of internalisation consisting of preventive measures in the form of comprehensive behavioural prevention, organisational prevention, ergonomics, job rotation or deployment of persons with impaired health in line with their capabilities so as to still allow value-adding work. In this group, there were firms with both suitable and unsuitable working conditions for workers in pre-retirement age.

No assessment is possible for four firms. The findings support hypothesis 3 (see section 2.2.) with regard to the economic position of the firm – all firms with externalising policies in the field of health and integration management (Firm DE-3, Firm DE-6, Firm DE-8, Firm DE-9, Firm DE-11) had to cut staff levels at the first or second time of the interview and suffered from a negative development of the given branch of economy (see Table 18 in section 4.2.6.). The hypothesis is however not supported with regard to the age structure of the workforce.

A barrier to the prolongation of working life at firm level, pointed out by some interviewees in food manufacturing firms, is a productivity-related limit to the improvement
of working conditions – automatisation makes human work redundant. Other measures advocated by Behrens (1999) or by Morschhäuser (2002), like the balancing out of work burdens or a diversification of tasks over the entire work life, are not feasible in companies which are subject to cost pressure and to high market competition, or which pursue cost-cutting as top priority.

Another barrier to the prolongation of working life is the reported unwillingness of older workers to undergo changes in the work organisation or work content reported by some interviewees from firms with a high share of blue-collar workers (between 62-84%) pointing to higher risks to health and a related need of early exit due to disability (Oswald 1999: 4; VDR 2003: 116; Ebert et al. 2007: 139). Older workers, used to perform one and the same task for many decades, do not want to adapt to new situations. Also monetary reasons (higher pay in shift work, decrease in wages in case of downgrading\(^{48}\)) play a role. The impact of workers’ preferences regarding retirement and (the form of) continued work was included as explanatory variable of company agency in the original model (Fig. 1 in chapter 2.). An example is the metal-manufacturing factory where the personnel manager wanted to replace work incapacitated older workers who had performed monotonous and physically-burdening work at the blast furnace with younger workers who had worked in a dry, warm workshop. However, both parties objected to those measures – the younger ones because of family responsibilities and interest in less burdening work, and the older ones because of wage accruals for shift work (2_Firm DE-3_HRM).

On the basis of findings in this section, hypothesis 2A is not supported and hypothesis 2B is supported (see section 2.2.). The era of sheltered workplaces is largely over, and the only remnant from a differential treatment of older and younger workers with regard to job design and health management is their exemption from night shifts in some firms, or the provision of extra holidays (predominantly in firms in the collective bargaining sector of NGG). However, those provisions have been undermined by the Equalisation Law of 2006 (Kocher 2005: 317). Therefore, there are no differential health management policies based on the criterion of age, which speaks in favour of hypothesis 2B. Admittedly, many firms (see above) apply a policy of externalisation towards impaired workers (see below paragraph), and that often affects older employees on grounds of work-related wear and

\(^{48}\) With the exception of firms with a collectively agreed downgrading protection.
tack. However, the externalisation policy is uniform towards all work-incapacitated employees, which again supports hypothesis 2B.

Box 3 presents ´good practice´ in health and integration management. Other examples (not presented here) are Firm DE-3 (job switching, ´dual careers´) and Firm DE-13 (age-adequate workplaces).

**Box 3: Good practice in health and integration management in Firm DE-10**

Firm DE-10 pursues the goal of preservation of workability and prevention of early work incapacity and combines the focus on behavioural and relational prevention. The firm has developed measures for the re-integration of work-incapacitated and long-term ill workers instead of externalising them via a disability pension or another form of publicly funded early exit pathway. It empowers workers to participate in the improvement of occupational safety and health and workplace health promotion via a health circle. Other innovative measures in health management include:

- Computer-based simulations of body movements and health risks occurring during those movements. They show how assembly workers can alternate between different body postures so as to minimise burdens.

- Assembly workers are regularly ´visited´ by a mobile training centre on which they perform exercises for ten minutes every day. That way, the firm takes care that workers utilise the given opportunities for workout and to not reject it for lack of time or perseverance.

The way how the motor vehicle manufacturer treats workers with impaired health likewise deserves attention. Sheltered workplaces are provided only as last resort; before, the firm tries to deploy those workers in value-adding jobs:

> „A worker with a damaged left hand can work with his right hand, a worker with impaired bending capacity can perform a standing job, a worker with impairments in his trunk and with difficulties in turning his body will be assigned a workplace where he is exempted from turning movements, a blind worker can work with his hands and with his organs of touch“ (2_Firm DE-10_HRM).

The chairman of the works council regards those measures as positive. In his discourse, he represented similar opinions and ascriptions (e.g. on adequate deployment of incapacitated workers) to those held by the personnel manager (and which I regard as the official line of the company). However, the WCM complained about the problematic negotiations on ergonomic improvements which were led by the management under the heading of „economic viability“ (2_Firm DE-10_WCM).

To sum up: There are only few examples of firms with comprehensive health management approaches, in most firms, the focus on occupational safety and/or behavioural prevention prevails. That confirms results of a representative survey (Ahlers/Brussig 2004). Cost-benefit considerations may be both a driver and a inhibitor of health management.

There were differences of opinion between the firm experts as to whether working conditions were suitable for work until the standard retirement age. Whereas the managers more often regarded them as suitable, the employee representatives argued otherwise.
Managers had also more information on white-collar workplaces, whereas employee representatives argued from the stance of blue-collar workers. Employee representatives also remarked on the risen work intensity and higher performance demands as consequences of automatisation and staff cuts. The director in one firm critically remarked on the position of works councils in that debate: “The works council should not only represent those who suffer from hardships and burdens but also those who enjoy working” (Firm DE-3, short introduction by industrial relations director during company a tour in 2006).

Confronted with impaired workers, about as many firms apply either the externalisation and the internalisation strategy. Structural factors (economic situation of the branch, personnel cuts) have an impact on which strategy is chosen. The firms do not discriminate against older workers in health and integration management as the externalisation, resp. internalisation policy is applied to all impaired workers. However, in the case of older workers, there is a wider choice among pathways of early exit.

The qualitative panel proved valuable as it allowed to track the progress, resp. stagnation in health management measures announced at the time of the first interview.

4.2.6. Termination of the Employment Contract

Good practice in shaping the end of workers’ careers entails gradual retirement options, giving workers the choice whether to work past retirement age, basing social selection in personnel reductions on objective criteria other than age, projecting beforehand the possible effects of early retirement upon the firm, and exhausting all other options of lowering personnel costs (e.g. short-time work, part-time work, sabbaticals, job sharing, time-limited employment) before resorting to personnel reductions (Naegele/Walker 2002: 232-3). I would add another criterion of good practice – to allow to use ATZ in the part-time model.

In this chapter, I will depict the general regulatory framework at the end of working life, like the protection against dismissals or works council agreements on early exit pathways, and show how personnel reductions in many of the studied German firms have influenced the employment chances of incumbent older workers. Finally, I will present a ‘good practice’ example on the basis of the previous findings. I will also test hypothesis 2 and hypothesis 3 (see section 2.2.).

Almost all firms have codified a special protection against dismissals bound to age and tenure. It starts as early as at the age of 40 and a 15-year-tenure in the public sector or in
publicly owned firms (Firm DE-1, Firm DE-4, Firm DE-13), reaching to 50 years and a 15-year-tenure in most other firms.

Five firms are covered by a sectoral agreement on ATZ, three firms by a company agreement concluded between the trade union and the firms’ management board, and seven – by a works council agreement on that issue (in addition to the sectoral agreement). In two firms, participation in the early retirement scheme is settled in individual negotiations on basis of the legal regulation. The bank is covered by a sectoral and a works council agreement on firm-level pre-retirement schemes (betriebliche Vorruhestände).

Collective agreements on ATZ are wide-spread in the German economy (Bispinck 2005: XVII). The early retirement scheme is predominantly utilised in the blocked model (ibid; Stück 2003); that is also the case in the studied enterprises. In many other firms, part-time models are not accepted in practice or ruled out by regulations in the works council agreement.

All firms have a regulation (usually codified in the industry-wide umbrella agreement) that the work contract ends upon reaching 65 years or upon reaching the “standard retirement age”.

At the time of the first study, large-scale personnel reductions were under way in seven firms, and in five firms in 2006 (in one of those, it was a continuous process). All of the firms which were cutting staff levels used the early retirement scheme or firm-level pre-retirement schemes as a means to an end.

Table 17 presents the main characteristics of firms which I managed to include in the second wave of my studies. The qualitative panel method allowed me to cross-check the behaviour of firms under conditions of employment stability and instability, and test the explanatory power of that variable (see Fig. 1 in chapter 2.).
Table 17: Establishments studied in Western Germany in autumn 2006/spring 2007

<table>
<thead>
<tr>
<th>ALIAS</th>
<th>SECTION of econ. activity (based on main activity) acc. to ISIC</th>
<th>No. of EMPLOYEES in 2005 (*=incl. apprentices)</th>
<th>% of workers „50 PLUS“ in 2005</th>
<th>AVERAGE AGE of workers in 2005</th>
<th>FINANCIAL CONDITION at the end of 2005</th>
<th>INTERVIEWEES</th>
<th>OTHER qualitative data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm DE-1</td>
<td>Public Administration</td>
<td>1,939 (2006)</td>
<td>32.2% 46-55 years 13.5% 56-65 years (2006)</td>
<td>43.9 years (2006)</td>
<td>profit of 1.258 million €</td>
<td>same 2 HRM, 2 WCM</td>
<td>short talks with two other HRMs</td>
</tr>
<tr>
<td>Firm DE-2</td>
<td>Financial Intermediation</td>
<td>921</td>
<td>19.5%</td>
<td>41.5 years</td>
<td>profit of 28 million €</td>
<td>HRM, WCM</td>
<td></td>
</tr>
<tr>
<td>Firm DE-3</td>
<td>Man. of Basic Metals</td>
<td>3,528</td>
<td>22%</td>
<td>41.8 years</td>
<td>profit of 137.744 million €</td>
<td>2 WCM, HRM</td>
<td>factory tour</td>
</tr>
<tr>
<td>Firm DE-4</td>
<td>Compulsory Social Security</td>
<td>377</td>
<td>12% aged 51+</td>
<td>38.9 (2006)</td>
<td>profit of 7.7 million €</td>
<td>other HRM, WCM</td>
<td>office tour</td>
</tr>
<tr>
<td>Firm DE-6</td>
<td>Man. of Food Products and Beverages</td>
<td>660</td>
<td>25.2%</td>
<td>42 years</td>
<td>profit of 8.4 million € (group results)</td>
<td>WCM, HRM</td>
<td></td>
</tr>
<tr>
<td>Firm DE-7</td>
<td>Man. of Food Products and Beverages</td>
<td>1,153 (2006)</td>
<td>22.3% 39.4% at age 45+ (2006)</td>
<td>43.2 years (2006)</td>
<td>confidential; world-wide: operating companies’ income of 1.122 million €</td>
<td>other HRM via phone, WCM</td>
<td></td>
</tr>
<tr>
<td>Firm DE-9</td>
<td>Man. of Food Products and Beverages</td>
<td>n.s. (3,000 Germany-wide in 2006)</td>
<td>n.s.</td>
<td>n.s.</td>
<td>confidential; world-wide: profit of 2,198 million €</td>
<td>2 WCM</td>
<td></td>
</tr>
<tr>
<td>Firm DE-10</td>
<td>Man. of Transport Equipment</td>
<td>13,515 (2006)</td>
<td>n.s.</td>
<td>43.6 years</td>
<td>deficit of 505 million €</td>
<td>HRM, WCM</td>
<td>short talk with another HRM about f. training</td>
</tr>
<tr>
<td>Firm DE-11</td>
<td>Man. of Food Products and Beverages (two sites)</td>
<td>791 (2006)</td>
<td>35% (2006)</td>
<td>ca. 40-42 years</td>
<td>confidential (probably profit)</td>
<td>2 WCM &amp; HRM</td>
<td></td>
</tr>
<tr>
<td>Firm DE-14</td>
<td>Man. of Transport Equipment</td>
<td>829*</td>
<td>39.1% aged 51+</td>
<td>47 years</td>
<td>profit of 7.745 million € (Germany-wide)</td>
<td>2 other HRM, WCM</td>
<td>short talk with 3rd HRM</td>
</tr>
</tbody>
</table>

In Firm DE-5, a second interview could not be conducted due to the involvement of contact persons in the preparation of personnel reductions.
In Firm DE-12, former contact persons (HRM) had left and their successor did not regard herself an expert on ageing matters. The chairman of the works council could not be interviewed due to long-term illness, and his deputy had little knowledge on the company due to short tenure.
HRM of Firm DE-9 was not available at the arranged date for a telephone interview and evaded further requests.
At aggregate level, the existence of a regulation on the early retirement scheme in the firm is closely correlated with personnel reductions (Klammer 2003: 45). Upon the inception of the pre-retirement scheme in Germany, the issue of ‘humanisation of working life’ was the goal, but later on, this overlapped with the goal to reduce unemployment (Ebbinghaus 2002: 165-7). The Law on the Early Retirement Scheme defines as goals the “gradual parting from work into retirement” and the “hiring of an otherwise unemployed person”. The actual practice could not be farther away. In the studied firms, the part-time model of ATZ was used only in a few cases. The reasons for the low utilisation were the low spread of part-time workplaces, the need of the firms to get the workers “off the head count”, and the wish of the workers for a “clean cut”. A former apprentice or an unemployed worker were hired only in those firms which did not conduct personnel reductions; accordingly, only in few cases was the establishment reimbursed for the costs.

Despite the rare utilisation of the part-time model, employers regard the early retirement scheme as an instrument for a “gradual transition into retirement” (as reads, inter al., the preamble to the works council agreement in Firm DE-14) due to the fact that the worker stays in the firm for the first half of the ATZ contract (instead of exiting directly as in the case of pre-retirement or an old-age pension), has time to accommodate to early exit, and the firm has time to plan the succession.

An interesting example of another early exit option is the sectoral agreement on pre-retirement schemes in the private banking sector. It allows for exit at the age of 58 years for women (which afterwards take up the old-age pension for women) and at the age of 61 years for men (with subsequent receipt of the seniority pension). An additional works council agreement on ‘pre-pre-retirement’ in Firm DE-2 allows exit as early as four years prior to retirement age. For the purpose of personnel reductions, another works council agreement was concluded which stipulated the entry into the ‘special pre-retirement scheme’ at the age of 53 in the case of women and at the age of 55 or 56 in the case of men (with subsequent take-up of the old-age pension for the severely handicapped or the long-term insured). In individual cases (as I learnt at the second interview in 2006), pre-retirement schemes with a duration of up to 12.5 years were negotiated.

The use of pre-retirement schemes for personnel reductions in the bank (146 of 245 reduced jobs in total) was possible only due to co-operation on side of the workers. The personnel manager estimates that in 80 per cent of cases, pre-retirement was initiated by the
employees. During pre-retirement, the firm paid the former worker 70-85 per cent of his/her former earnings, depending on the duration of the scheme.

The results of my analysis confirm Mares’ (2001: 58) assertion that firms strive to preserve the locus of control in early exit policies. The interest of the firm (as represented by the interviewed managers) is to use ATZ or pre-retirement in times of personnel reductions but to undermine a general claim of workers to that exit option in times of employment stability due to its high costs. To name some examples: the personnel manager in Firm DE-14 rejected dismissals via social selection with the argument that workers whom the firm wanted to preserve would have to leave, while others would have to be retained. The civil service establishment suffered from personnel shortages at the time of the second interview as too many persons went on ATZ. The chairman of the works council supposed that this was the reason for curtailing ATZ at firm level. The same situation occurred in the steelworks at the time of the second interview. In many firms, workers may choose or reject ATZ but the firm dictates the terms of the contract (duration, entry and exit age, blocked model).

Mares (2001: 196) also stated that firms with a more qualified workforce and with a better financial standing strive to reward their former workers with an early retirement income reflecting their former earnings. My results confirm this: Firm DE-2, Firm DE-12 and Firm DE-14, which have a highly qualified workforce, offered their older workers more favourable conditions for early exit than Firm DE-6 or Firm DE-11, where many workers are unqualified and therefore exchangeable and the wages are low.

Firms which did not reduce personnel at any time of my study (Firm DE-4, Firm DE-5 and Firm DE-1249; Firm DE-7, Firm DE-8, Firm DE-9 and Firm DE-10 at the time of the first interview) also offered incentives for older workers to leave earlier. E.g., the health fund offers ATZ as a response to workers’ wishes; both the personnel manager and the chairman of the works council confirmed that the initiative to retire earlier is always taken by the worker. The employer tries to make the instrument attractive with the help of a compensation for pension deductions, or additional subsidies in the case of impaired workers (2_Firm DE-4_HRM). Another vehicle of early exit is the one-year leave at the age of 59 with almost full wages. The transportation equipment company utilised ATZ as a

49 Two of those firms were studied only in 2004; in 2006, Firm DE-5 started mass redundancies.
means for „exchanging the old for the young“ – thus in line with the legislator´s intentions – and for making the age structure more sustainable (information form additional material on the firm). In 2004, workers were free to apply for ATZ but had to retire at the earliest possible date – the negotiated agreements stipulated a blocked model with full exit at 60. The works council regarded ATZ as a viable option for the future due to rising shares of shift work (Firm DE-5_WCM).

Other motives for early release of older workers (at their own wish) is the interest in lowering the average age of the workforce (one firm conceptualised 5 per cent „renewal rates“ to be achieved each year due to productivity increases), and making room for young recruits in order to prevent know-how losses when a whole cohort of older workers retires at the same time. Arguments of the lower physical capacity of older workers or their wear and tear due to burdening working conditions motivated – at least in declarations – the agitation of the employer for early exit of the workers concerned only in singular cases, e.g. in Firm DE-6, Firm DE-2, Firm DE-3.

With regard to the procedure of termination of the work contract, hypothesis 2A is herewith supported and hypothesis 2B is not supported. Firms treat older workers as a flexibility resource and pursue practices of externalisation. However, this happens not directly on grounds of their assumed lower productivity, but, firstly, due to the necessity to reduce personnel, and, secondly, in order to lower the average age of the workforce. The perception of a ´too high´ average age is however a reflection of age stereotypes and therefore indirectly confirms assumptions of neo-classical labour market theory. A case-by-case determination whether to release a younger or an older worker – which would be in line with hypothesis 2B – took place in the studied firms only in singular cases, as most firms avoided social selection and dismissals ´for operational reasons´.

Hypothesis 3 (see section 2.2.) is based on the model of decision making at firm level (Fig. 1 in chapter 2.). For testing hypothesis 3, I have constructed Table 18 which lists structural variables which might have an impact upon personnel policy towards older workers.

Eight of the fourteen studied firms (those with a “no” in the last column) pursued a policy of externalisation of older workers. This was reflected in active pushing out of older workers by the employer or by agitating in favour of early retirement; the latter task was taken on by the employer or by the works council. All of those eight firms where workers
were not the main decision-makers on early exit were reducing personnel at the time of the first or second interview. Another feature of externalisation policy was the use of early retirement as main instrument of personnel adjustments before other measures have been exhausted (like natural turnover, non-filling of vacancies, hiring freeze, short work, part-time work, transfer to other locations, wage cuts, re-deployment). Those findings support hypothesis 3 with regard to the termination of work life as the outcome and the economic position of the firm as independent variable.

Table 18: Testing of hypothesis 3

<table>
<thead>
<tr>
<th>Firm</th>
<th>economic situation</th>
<th>branch development</th>
<th>‘old’ or ‘young’ firm**</th>
<th>EE as decision of the worker***</th>
</tr>
</thead>
<tbody>
<tr>
<td>DE-1</td>
<td>deficit; staff cut 2004 2006: profit</td>
<td>2004: negative</td>
<td>old</td>
<td>yes, mostly</td>
</tr>
<tr>
<td>DE-2</td>
<td>profit; staff cut 2004</td>
<td>04: slightly negative* 06: slightly positive*</td>
<td>average</td>
<td>yes, mostly</td>
</tr>
<tr>
<td>DE-3</td>
<td>profit; staff cut 2004</td>
<td>negative</td>
<td>average</td>
<td>no</td>
</tr>
<tr>
<td>DE-4</td>
<td>deficit; 2006: profit</td>
<td>2004: negative</td>
<td>young</td>
<td>yes</td>
</tr>
<tr>
<td>DE-5</td>
<td>2004: profit</td>
<td>2004: negative</td>
<td>average</td>
<td>probably yes (but only 1 interview with 1 party)</td>
</tr>
<tr>
<td>DE-6</td>
<td>deficit; staff cut 2004; 2006: profit</td>
<td>slightly negative*</td>
<td>average</td>
<td>yes</td>
</tr>
<tr>
<td>DE-7</td>
<td>confidential; world-wide: positive; staff cut 2006</td>
<td>04: slightly negative* 06: slightly positive*</td>
<td>average</td>
<td>no</td>
</tr>
<tr>
<td>DE-8</td>
<td>a.a.</td>
<td>04: slightly negative* 06: slightly positive*</td>
<td>average</td>
<td>no, but free choice</td>
</tr>
<tr>
<td>DE-10</td>
<td>2004: profit; 2006: deficit; staff cut</td>
<td>negative</td>
<td>young</td>
<td>no, but free choice</td>
</tr>
<tr>
<td>DE-11</td>
<td>confidential; staff cut 2004 a. 2006</td>
<td>04: slightly negative* 06: slightly positive*</td>
<td>old</td>
<td>no, but free choice</td>
</tr>
<tr>
<td>DE-12</td>
<td>2004: deficit</td>
<td>04: slightly positive*</td>
<td>old</td>
<td>probably yes (but only 1 interview with 1 party)</td>
</tr>
<tr>
<td>DE-13</td>
<td>profit; staff cut 2004</td>
<td>negative</td>
<td>young</td>
<td>2004: no, but free choice 2006: yes</td>
</tr>
<tr>
<td>DE-14</td>
<td>deficit; staff cut 2004 2006: profit</td>
<td>2004: negative 2006: positive</td>
<td>old</td>
<td>no</td>
</tr>
</tbody>
</table>


* = less than -1% employment decline 2003-2004, resp. below +1% employment growth 2005-2006
** = share of ‘50pluses’ among the workforce in 2003/2004 was more than 125% higher/lower as Germany-wide data for enterprises of the same size in Western Germany (Bellmann 2006), or (if share of older workers not specified) the average age of the workforce was more than 105% higher/lower.
*** = older workers are not pushed out and take the initiative to apply for ATZ, 59 rule or pre-retirement on their own.
Staff cuts = large-scale personnel reductions of at least 30 workers.

An age-friendly employee exit policy despite of personnel reductions was pursued by Firm DE-1 (Box 4). Another ‘good practice’ example is Firm DE-12.
Box 4: Good practice in employee exit policy in Firm DE-1

The local administration unit offers ATZ on basis of the collective agreement for the civil service (valid 1998-2008). The staff number has decreased by 200 persons since 2002 with the help of the early retirement scheme and natural turnover. Early retirement was however not the only means of personnel adjustments. Personnel demand was met with the help of temp workers and marginal employment. Excess employment was solved with the help of re-deployment, part-time work, non-filling of vacancies, a freeze on hiring and extra holidays instead of wage supplements (information from additional material provided by Firm DE-1).

The personnel manager regards ATZ as “an early exit based on a severance payment.” Workers are given leeway in choosing ATZ and defining its duration. Most workers decide for the 8-10-year option which means that they are not affected by pension deductions. Due to the completed personnel reductions by the time of the second interview, the civil service establishment does not permit ATZ any more, as hiring successors is too costly. The interviewed personnel managers hoped that ATZ would not be prolonged by the legislator.

Also the WCM observed that the workers decide themselves whether to choose ATZ or not. The chairman has however also noticed a few cases when older workers where manoevred into that model: „Well, in some cases we have learnt that ... well, pressure was put on older workers, ‘Go on applying for ATZ’, or ‘Go retire early at last’.“ The chairman supposes that the continued employment was too expensive, or that the worker concerned was troublesome and did not consent to everything.

The findings presented here lead to the conclusion that in eight firms, externalisation strategies were prevalent, which took the form of actively pushing out of older workers in four firms while in the four others, there was a collusion of interests of the employee representatives, the management and the workers. However, this policy is not influenced by or correlated with the average age of the workforce. Another conclusion is that the externalisation strategies have existed already during stable economic conditions, but became intensified once the firms encountered the need to reduce personnel. Thus, my firm case studies provide evidence for the continuation of the externalisation strategy via early retirement with regard to older workers from the 1980s, which was also at that time homogeneous with regard to firms of various production sectors, proving the hegemony of national regimes (Rosenow/Naschold 1994: 249-250).

All firms in my sample provided some form of early exit schemes, above all the early retirement scheme based on a branch-wide or firm-level agreement. In choosing a specific scheme or the preferred mode of exit offered to older workers, firms strive to preserve the locus of control in the transition to retirement (Mares 2001).

Most of the firms in my sample were downsizing during the first or second interview period. In the majority of cases, that was correlated with the economic development of the
given branch (Table 18), which demonstrates that firms in my sample are typical cases and many German firms at that time had to grapple with adjustment problems.

The interest in early exit was motivated by the wish to downsize personnel in a „socially acceptable way“, to sustain or lower the given average age of the workforce, or to clear vacancies for younger persons. The perceived or assumed lower aptitude of older persons was the reason for releasing them only in singular cases.

4.2.7. Perceived Exit Preferences of Older Workers

This section will depict the general orientation of older workers on early vs. late exit, and analyse in a second step how those preferences are influenced by legislative changes. The discussion will be based on the assessment of workers´ retirement preferences by the interviewed experts. Afterwards, hypothesis 4 will be tested.

The firm experts (chairpersons of works councils and personnel managers) were asked whether they have perceived any change in retirement preferences of older workers in the last years, especially at times when a legislative change took place (the raising of retirement ages for the old-age pension after ATZ in 2004, the introduction of pension deductions starting from 1997, the looming termination of ATZ, the raising of the standard retirement age to 67).

The basic finding is that the interest of firms in early retirement coincides with the interest of workers in pre-retirement age to cease work and gain free time while at the same time receiving a wage replacement which guarantees status maintenance. The early retirement and pre-retirement schemes offered by the analysed firms in most cases allow to maintain the standard of living prior to early exit. Another motive of older workers, especially in physically burdening positions or in positions characterised by a high work intensity, is to escape the “pain of work” and get relief in case of health impairments (Bäcker/Naegele 1993: 148; Wurm et al. 77-78) which confirms the pull and the push thesis of early retirement (see Fig. 2 in chapter 2.).

Older workers in all but one firm (which will be presented as exceptional case at the end of this section) were interested in an exit before their 60th birthday. This orientation is closely linked to legislative and firm-level options for early exit and shows the impact of institutional arrangements at statutory and company level on shaping life courses (Mayer 2004: 162; Kohli/Rein 1991: 18ff). In firms which release their older workers via a
combination of the receipt of unemployment benefit and severance payments (55 rule, 59 rule, etc.) or via a firm-level pre-retirement scheme, the workers have become orientated towards exit even before the 60th year. Also workers participating in the early retirement scheme have adjusted to entering the ‘free-time phase’ at the age of 57.5 years. The impact of legislative changes on shaping behaviour had first become evident in the evolution of the early retirement trend:

Firm DE-10 had offered good financial conditions for pre-retirement in the 1980s. “And since then, workers have got used to the idea that they will retire at 60. Then, ATZ came when one could leave in practice already at 57.5 – as we have the blocked model here. And when I ask nowadays some people about it, then many of them have orientated their life plans towards ceasing work between 57 and 60” (2_Firm DE-10_WCM).

Prime examples for the development of the early exit trend are Firm DE-2 and Firm DE-8. The trend set in upon introduction of the pre-retirement scheme which was available 1984-1988 on legislative basis with reimbursement by the employment office.

“Both colleagues and friends said when someone entered pre-retirement ‘Well, apparently they wanted to get rid of him!’ Nowadays, pre-retirees are supported by their networks, following the maxim ‘You must be silly if you don’t accept that offer!’” (1_Firm DE-2_HRM).

Also other empirical studies revealed that in the initial stages of the introduction of firm-based early exit options and the ‘flexible retirement age’, older workers selected for release were sceptical about it (Naschold et al. 1994b: 153; BmFSFJ 2005: 85).

In accounts of personnel managers and works council members, financial incentives set by the employer (especially a generous ATZ income above the level demanded by the legislator) appeared as the most important incentive to retire early. Second in importance was active pushing out by the employer and the related agitation by the superiors or by the works council in favour of using ATZ. In such cases, the argument of securing the workplaces for younger workers was often used as a moral incentive, or even threat.

Other reasons for early exit were of financial nature (high earnings or pension of the spouse in the case of female workers, otherwise a high occupational pension or savings), related to health (health impairments, especially in highly burdening jobs in the case of fire workers in the civil service establishment, steelworkers, and blue-collar workers in food manufacturing companies), the orientation on past-productive life (wish to enjoy the last years of life; planned family or leisure activities).

Finally, the retirement decision was sparked by dissatisfaction with the situation on the job. Workers felt worn-out by the recent changes in the firm and high performance criteria, increased work intensity and job pressure. The interviewees argued that this was related to
the lower ability of older workers to cope with changes, and to the objectively faster pace of changes than in the past due to globalisation, computerisation, privatisation or acquisitions. That corresponds with representative European findings on risen work intensity, and the negative assessment of chances to work until the standard retirement age by workers from high-intensity industries (European Foundation: 2008: 46-47). The interviewees also held the opinion that older workers decide to exit early because of dissatisfaction with management culture and the job climate and their perception that old age was not valued by the young management board. Data from representative surveys confirms the positive link between job satisfaction and health satisfaction on the one side, and retirement age on the other side (Henke 2000: 208).

It can be seen that all factors depicted in Figure 2 (see chapter 2.)—pull, push and jump motives for early exit—play a role for the decision of workers in the studied firms to retire. This corresponds with Oswald’s (1999: 23) findings based on household panel data.

Despite the general orientation of older workers towards early exit, this wish cannot be always realised. The biggest inhibitor to early exit was a low expected pension income. Low pension income can thus be seen as opportunity to prolonged employment, but not to active ageing as an unfavourable economic situations inhibits autonomous decisions about one’s life course. The calculations of older workers pointed to behaviour in accordance with the hypothesis of securing the standard of living rather than with the life cycle theory (Dinkel 1988: 135; see also section 2.3.).

An example of this phenomenon is the situation in a knowledge-intensive company. The decision to retire or to continue work is based on a sober calculation of the income and pension losses on the one hand, and the gains in leisure, family responsibilities and commuting costs, on the other hand:

“Workers without family responsibilities and with a higher income accept even the 18 per cent deductions. The lower incomes who maybe have additional responsibilities, like dependant children (...), they want to have the lowest possible deductions, maximally up to 5-10 per cent” (1 Fucking DE-12_HRM).

Other motives for working longer identified by interviewees in German firms were social contacts at work, a high managerial position, job satisfaction, high value of work, a still working spouse. Those motives were observed especially with regard to male workers.

Also institutional changes, and the related options to secure the standard of living in old age, exert an impact on the retirement decision. Experts in several firms mentioned cases
where workers cancelled the previously agreed ATZ contract after the firm had calculated their future pension level. The legal expert at the utility company contacted in 2006 estimated that about eleven per cent of persons in the early retirement scheme might have problems with lower pensions due to low income or short tenure and the related low claims to occupational pensions. Workers in many other firms decided against participating in the early retirement scheme after initial consultations with the works council or the legal expert in the firm.

An example of the impact of pension reforms is the food manufacturing Firm DE-6. The chairman of the works council describes the early exit orientation of workers as follows: “They all want of course to leave the firm at the age of 50, at 60, the latest. But we [sic!] have also realised that it is not possible [because of the low wages]” (2_Firm DE-6_WCM). Workers who are worn-out would like to exit early but only a few utilise ATZ as the firm cannot afford to pay a high ATZ income and as wages are very low. At the time of the second interview, older workers had a still lower propensity to participate in the early retirement scheme or the 59 rule due to the even lower anticipated pension level as a result of the meanwhile risen retirement ages and lower replacement rates.

A survey of workers aged 45 and more in Firm DE-7 and Firm DE-8 revealed that 2/3 of the younger age group (45-55) favours an exit at the age of 55-60 years and 1/3 at the age of 60-65. Among the 56-65-year-olds, the shares were the other way round. This is a sign of a more realistic assessment of available retirement options and related consequences for the pension level. That corresponds with results of representative surveys which show an upwards adaptation of the planned age of exit from the labour market (Engstler 2004).

The impact of pension reforms on reversing the trend towards early retirement manifests itself in the leisure/work calculations presented above. Another adaptation pattern of workers to changes rules is continued participation in the early retirement scheme, but with changed parameters. E.g., in the food manufacturing Firm DE-9, younger birth cohorts choose an increasingly longer duration of ATZ (5 years instead of 2-3 years), and thus their retirement age after ATZ is increasing by and by (at 62-63 and not at 60-61) (information from additional material). This was followed by a change of attitude towards early exit – while during the first interview, the chairman of the works council in Firm DE-9 pondered on the age of 60 or 60.5 as a “magic line”, a demarcation line for the phase of early exit, during the second interview a few years later, he talked about the age of 63 as the “absolutely magic number”.
However, not for all workers and not in all firms is such an adaptation possible. In most establishments, company policy prescribes a certain preferred utilisation pattern of ATZ. The interviewed personnel managers explained that their firms want to compromise between the interest of older workers to minimise deductions on the one hand, and the interest of the firm in flexible personnel deployment, quick personnel reductions and creating vacancies for younger workers on the other hand.

Those examples support hypothesis 4 – workers postpone their entry into the early retirement scheme due to the force of circumstances, because retirement at the age of 63 is no longer possible after ATZ. Thus, institutional contexts narrow down the opportunities for the individual (and for birth cohorts) which shape his/her life course (Mayer 2001: 165). In a second step, however, they adapt their life plans accordingly, or reject the ATZ offer altogether. Further support for the hypothesis was already given in section 4.2.4. – some incumbent older workers are, according to the actual experience of the interviewees, not willing to learn new things. As reasons, the interviewees saw the institution of retirement, the early retirement scheme, and the protection against dismissals. Workers in pre-retirement age expect to leave the firm around their 60th birthday – either at their own wish or due to personnel reductions – and perceive no opportunity to utilise new investments into their education. At the same time – which is in line with actor-centred institutionalism – the decisions of whole cohorts shape institutions. It was only the large-scale utilisation of early retirement by individuals (and firms), coupled with demographic ageing, which moved the legislator to curtail this option.

Institutional changes do however not always have the desired impact on the prolongation of working life. Uncertainty as to further governmental plans, and the announced closing of retirement at the age 63 (when signing an ATZ contract after 2003) and of retirement at 65 without deductions (when signing an ATZ contract after 2006, when the raising of retirement ages to 67 started phasing in) moved whole cohorts of eligible workers to enter the early retirement scheme before the deadlines.

Moreover, some workers have not yet realised that the early retirement scheme is phasing out, as reported by several works council members. Workers who can afford pension deductions show a continued orientation towards early exit. Moreover, firm culture

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50 It has to be added that scholarly literature takes contradictory positions on the issue of learning ability of older workers irrespective of institutional impact discussed here (Lehr 2000: 82ff, 213; ). Inner-firm training policies play a crucial role for the preservation of learning ability (Frerichs 2007: 73-4).
and the agitation by the works council diminish the impact of institutional constraints. To give an example: contrary to the above described pattern of postponed retirement in *Firm DE-9*, some workers decided for retirement at 61/62 instead at 63 after information days organised by the works council, during which it calculated the optimum model for each worker.

Those exceptions, and the intermingling of *pull, push* and *jump* determinants of early exit, show that the institutional impact on early exit is important, but structural factors (the downward economic trend which necessitates personnel reductions in firms) determine whether an individual deliberation and voluntary decision of the older workers is at all possible. Hypothesis 4 is therefore supported here with a restriction.

The determining role of structural factors becomes apparent in *Firm DE-14*, which is also an exceptional case with regard to retirement preferences (*Box 5*).

**Box 5: Early exit despite the interest of older workers in longer work**

| Employees in *Firm DE-14*, most of them engineers, prefer continued employment until the standard retirement age due to high job satisfaction and low work burdens (although job pressure is rising, according to the chairman of the works council). Older workers have however resigned to the need of personnel reductions, as all workers who were entitled to the 58 rule were approached with an ‘offer that one does not refuse’. The personnel manager explained the negotiation process in detail – the workers addressed first refused he offer, then the employer has been gradually raising the severance payments as a compensation for pension deductions “until they could no more refuse”, or issued a “personal threat” that younger works would have to be dismissed (2_Firm DE-14_HRM). |

To sum up: This section has shown that institutional constraints and opportunities have an impact upon workers’ decisions on the timing of exit from the labour market. Both statutory and firm-level options are of importance here. The way they have formed the early exit trend could be clearly observed in my firm case studies.

The main reasons which motivated the workers to exit early were financial incentives by the employer or the state, and active pushing out by the employer. *Pull, push* and *jump* determinants simultaneously shaped the decision of individuals whether to exit or to stay, therefore legislative endeavours which address only one lever do not have full effect. Thus, the impact of legislative changes upon individual behaviour is confirmed, but the trickling-down of institutional regulations takes only place within the boundaries set by firms and by
external structural determinants which necessitate the firm to reduce personnel, resp. by a stable employment situation.

The decision to stay is in most parts shaped by the calculation to maintain the current standard of living (and thus indirectly by pension reforms) and by high job satisfaction, and is taken more often by men than by women. The firm experts also observed that risen job intensity and faster pace of changes diminish job satisfaction, which is then translated into early exit. Also the inconsistent movements of the legislator and partially backing off from unpopular reform elements moves retirees-to-be to grasp the still existing early exit options.

Works councils play in the process of individual decision-making a role as agitators for early exit. Depending on their relations with the management, they do it either with the intention to do older workers something good (e.g. by conducting calculations what they gain and what they use by choosing either the option of early exit or prolonged employment), or in order to smooth the process of personnel reductions. In the latter case, the works council agitates in favour of early exit either from the position of co-manager, the representative of interests of (younger) workers without pension entitlements, or, lastly, as a sub-ordinate "organ of the management" (Kotthoff 1995: 550).

The qualitative panel proved useful with regard to tracking the change of retirement preferences over time, as by the time of the first interview, neither firms nor interviewees have had fully realised the impact of pension reforms.

4.2.8. Impact of Legislative Changes

In this chapter, I will assess whether firms in my sample have responded to institutional changes within the framework of pension policy and passive and active labour market policy. On that basis, I will test hypothesis 1 and hypothesis 6. The reform elements concerned will be any changed rules of participation in the early retirement scheme, the 59 rule, disability pensions, social selection in case of mass lay-offs, retirement ages, anti-discrimination rulings and incentives to hire or to qualify an older worker (see overview in Table 1 in chapter 2. and in section 3.2.). Such reforms were taken into consideration which had come into effect before the first or the second interview.

The relevant dimensions for the analysis are defined with regard to the goal of prolongation of working life which can be reached by the recruitment of older workers and by their retention, and which I assume to be the intention of the legislator when passing the reform. Thus, on the one side of the continuum would be internalisation of older workers,
and on the other side, externalisation, the emerging patterns being ‘negative reaction’, ‘positive reaction’ and ‘no reaction’ (Hinrichs/Aleksandrowicz 2005: 44-45).

A ‘negative reaction’ to institutional changes will denote an adaptation pattern which entails the externalisation of older workers, be it by the development of new early exit options or by prolongation of ATZ at firm level. A ‘positive reaction’ encompasses policies which open the way for the increased hiring of older workers, which close existing early exit pathways, and which adapt working conditions and overall personnel policy to the demands of an ageing workforce. ‘No reaction’ denotes the preservation of status quo, and policies of ‘wait and see’.

The singular reform elements generated divergent adaptation patterns in the firms. The assessment will therefore proceed from one reform element to the other.

The missing impact of incentives for the hiring and qualification of older workers was already described in the preceding sub-section on recruitment policy, and is in line with evaluation results of active labour market measures (BmAS 2006b: xviii-xix).

The impact of the anti-discrimination legislation was limited to singular adaptations in some firms, like the non-discriminatory formulation of job ads or the passing of anti-discriminatory rules of conduct. Neither managers nor works council members have perceived an incompatibility of the ubiquitous regulation that the work contract ends upon reaching 65 years or upon reaching the “standard retirement age” with the anti-discrimination legislation. At best, it was planned at the time of my second interview to consult possible problematic areas arising from the new law between management and works council.

The changed rules of social selection in cases of dismissals for operational reasons (‘high performers’ may be exempted from the social selection, and the limited job prospects of older workers do not have to be considered) have had almost no impact on the studied firms due to the avoidance of dismissals ‘for operational reasons’. Only the chairmen of the works council in singular firms associated the new law with a higher risk of older workers with low qualifications to be dismissed.

Stricter rules for granting disability pensions have not led to higher retention rates of impaired workers in the studied firms (although in one case, the works council is becoming
increasingly engaged in that issue). I seek the explanation in other available ways of early exit, and in the low bargaining position of impaired workers vis-à-vis the management.

The shorter period of receipt of the earnings-related unemployment benefit has had a limited effect on firm behaviour, as most firms in my sample rely on the ATZ pathway and do not use the unemployment pathway to early exit based on the ‘59 rule’ any more. However, in two firms which utilise that option, it has had a ‘positive effect’: both the company management is not willing to pay a higher compensation and workers do not want to cope with the threat of unemployment coupled with the receipt of the low means-tested unemployment benefit (AL-Geld II).

The old-age pension for women was seldom used as a vehicle for early exit, with the exception of three firms. One example of ‘negative reaction’ shall be named for reasons of its singularity. The bank, which is an unusual case because of the wide array of both branch-wide and firm-level pre-retirement schemes, plans to couple the firm-level pre-retirement schemes with the seniority pension starting in 2012 (after the expiry of the old-age pension for women), which is an example of instrument substitution (Casey 1989).

Raised retirement ages (with the exception of ‘retirement at 67’, which will be treated separately) and pension deductions in case of early receipt have had mixed effects, but affected a larger number of firms. Reasons are that coping with those reform elements is unavoidable – even if a firm renounces the unemployment or disability pathway to early exit, it cannot evade the utilisation of old-age pensions by workers and may utilise it in the final result as a flexible instrument for personnel adjustments. However, due to long phasing-in periods, and to the willingness of a large group of workers to cope with permanent deductions, those reforms have not had yet the intended effect upon all firms. Moreover, firms which showed a ‘positive reaction’ to one reform element, often at the same time showed a negative adaptation pattern in another respect.

In some firms, the ATZ pathway was closed (or planned to be closed) altogether for reasons of to low flexibility and too high costs, or the works council agreements on ATZ adapted the preferred entry and exit age from the scheme to risen retirement ages.

‘Negative reactions’ in the form of (higher) compensation payments for pension deductions were more often. The prime example here is a high-tech firm where the successive raising of retirement ages resulted in ever higher severance payments – the
severance payment in case of the 58 rule and the early retirement scheme is the higher, the more time is left to the 63rd birthday of the affected worker.

In all firms which offered the early retirement scheme, both the workers and the firms were interested in concluding the ATZ contract with retirement at 60 before the raising of retirement ages from 2004. This happened with active support from the works council and special “promotion days”, during which the workers were offered a calculation of the optimum ATZ model. Some firms released great numbers of older workers that way, notwithstanding internal demand for labour. That vividly demonstrates that institutions shape behaviour even if it does not serve utility maximisation (Meyer/Rowan 1977: 350ff). However, the hidden rationality behind that form of action is the preservation of social peace in the firm, and the observation of the “reciprocity norm” – older workers who invest time and effort at the early stages of their career expect a reward in the form of cushioned early exit, and granting them this increases the work motivation of succeeding cohorts of workers (Kohli et al. 1983: 29).

About as many firms reacted to the approaching closure of ATZ at the end of 2009. ‘Positive reactions’ were located in various realms of personnel policy, e.g. flexibilisation of working time (part-time work for incapacitated older workers in firms with a very low overall part-time ratio; long-term work accounts), personnel deployment (moving older workers from operational positions to less burdening function units), workplace design (age-adequate workplaces), further training geared to older workers’ needs, or gradual retirement with the help of life-time work accounts or a shorter working week for workers approaching retirement. The objective behind those measures was to prepare for the longer retention of older workers. However, those measures are in large parts only in conceptualisation, at best in the inception phase.

‘Negative reactions’ to the termination of the early retirement scheme were far more frequent in the studied firms. The most frequent replacement debated (but not yet implemented) are long-time or life-time work accounts. They can be used both as relief for older workers in terms of shorter working hours (as a ‘positive reaction’), and for early exit (as a ‘negative reaction’). In long-time of lifetime work accounts, workers can accumulate overtime in the beginning of their careers (maximally up to 10 hours per day), while the payment for those extra hours is postponed. To give one example: In case of a 38-hours-week, employees would have to accumulate 15 extra hours per month, i.e. 180 hours per
year, for the duration of ten years, in order to be able to retire one year earlier. Unsolved questions are so long the transferability of accumulated hours to other firms and performance assessment.

Another type of ‘negative reaction’ was the idea upheld by some firm representatives to prolong the early retirement scheme at establishment level. Employers can in those cases still profit from partial tax exemption of the ATZ income (Hanau/Rolfs 2008: 19). Another idea is to use occupational pensions in order to exit 2-3 years earlier.

The phasing in of the standard retirement age of 67 is insufficiently reflected at firm level, with ‘no reactions’ dominating company agency. Some interviewees even voiced disbelief in the interview in 2006 as to whether the respective law would be passed at all. A typical example of ‘no reaction’ (also visible with regard to the termination of ATZ) was the postponement of the debate into the future and waiting for new legislative solutions. Another form of ‘no reaction’ was the lack of endeavours to improve working conditions, the workflows and overall personnel policy, which I regard as ‘muddling through’. To give one telling example: “Thank God, we do not have to shape that [=the integration of older workers] actively, as... I do not know of a single case when someone said ‘I want to leave at 55’” (I_Firm DE-6_HRM).

A small number of firms changed the automatic termination of the work contract codified in collective agreements so that “employment ends upon reaching the 67th year”. However, the assessment of this change as ‘positive reaction’ is unwarranted as it still disagrees with anti-discrimination rulings. With regard to other ‘negative reactions’ and ‘positive reactions’, readers are referred to the previous paragraphs on the termination of the early retirement scheme (ATZ) and raised retirement ages, as adaptation patterns are similar.

After having presented evidence on the adaptation of German firms to institutional changes, I will assess hypothesis 1 and hypothesis 6, starting with the latter. Hypothesis 6 (see section 2.1.) is herewith supported with regard to Germany, as the number of ‘negative reactions’ and ‘no reactions’ to legislative changes outweigh ‘positive reactions’. Thus, a general commitment of German firms to the prolongation of working life is missing.51 Most German firms perpetuate their current policies, or most of those policies with regard to

51 That was assessed by counting ‘positive reactions’, ‘negative reactions’ and ‘no reactions’ to each singular reform firm by firm with the help of MAXqda software for qualitative analysis.
older workers, without further adjustments (‘no reaction’), or they make adequate adjustments (e.g. higher compensation payments) in order to be able to uphold those policies (‘negative reactions’).

Institutional factors do have an impact upon corporate policy, but the adaptation to new legislative regulations takes place against the background of structural market conditions. Even in times of stable employment, firms are forced to adapt staff levels to increased productivity, or to make place for young workers with fresh knowledge. Institutional changes are unlikely to change this dominant orientation of firms, but they can make the externalisation of workers more costly. In order for the firms to accomplish a change to an integrative and ageing-friendly personnel policy, the new institutional constraints would have to be backed with internal commitment of the firms´ management to age diversity, or with a looming threat of personnel shortage. Otherwise, firms which cannot afford continued externalisation at own costs will rather resort to a policy of ‘wait and see’ – they will neither push out older workers, nor will they do anything to preserve their workability in terms of qualifications and physical capacity. Hypothesis 1 (see section 2.1.) is therefore supported here with restrictions.

This section presented evidence that there was almost no influence of legislative changes in the realm of labour market policy (active labour market measures, anti-discrimination legislation, rules of social selection in cases of dismissals; limited impact of the shortened period of receipt of the unemployment benefit). Raised retirement ages and related pension deductions brought about more reactions on the side of firms as those reform elements in the realm of pension policy immediately narrowed down alternative courses of action for the firms. Finally, as the termination of the early retirement scheme, and ‘retirement at 67’ is directed into the future, it had in most parts engendered ‘no reaction’.

A barrier to the adjustment of firms to reforms is their short planning horizon and orientation on policies which bring immediate result. On the latter issue, sometimes clashes between the management and works councils arose – while employee representatives advanced a certain personnel policy measure as necessary adjustment to (pension) reforms, the management rejected it on grounds of cost containment. In general, however, the employee representatives and the management coincided in their rejection of pension reforms. While works councils saw the risk of decreasing pension level and the obligation to continue work despite severe health impairments, the management worried about
diminished options of socially acceptable personnel adjustments and new vacancies. Both parties agreed in their assessment that the adjustment to reforms is costly and often not feasible, and blamed the government for placing burdens onto firms. However, they also perceived the necessity to restore public finances to sustainability.

The qualitative panel was of great use in order to analyse the adaptation to reforms. This dynamic perspective allowed, firstly, for cross-checking the declarations of management or employee representatives at the first interview with actual deeds accomplished or renounced by the time of the second interview. Secondly, it was possible to study adaptation patterns at a time when respective pension reforms were still far away, and at a time when their passing was near or phasing-in periods were almost over. However, even at the time of the second interview, some reforms have not engendered full effects. I assume that firms will react differently in medium term, e.g. after a first wave of legal suits for ageism.

4.2.9. Cooperation between the Management and the Employee Representation

This chapter will delineate the cooperation between the works council and the personnel management as central actors which are responsible for translating institutional regulations at firm level and for setting the course in the direction of age management or, on the contrary, pursuing the current externalising course of action. The chapter will observe the decision-making process at firm level which was included as part of the national analytical model in Figure 3 (see section 3.1.).

In German companies, decision-making takes place between the works council and the management. After the amendment of the Works Constitution Act in 1972, the personnel manager became the main sparring partner of employee representatives (Weitbrecht 2003: 72). The result of the negotiations are works council agreements and personnel policies in such fields as recruitment, dismissals, training, health management, remuneration, and personnel deployment.

There is little evidence whether works councils influence employers’ dismissal (and employees’ quit) decisions and the allocation of funds for further training (Backes-Gellner et al. 1997: 332-4). Quantitative results report a lower dismissal and lower quit rate in firms with a works council. The works councils also play an active role in protecting training investments. They enforce further training measures in order to reduce the risks of
rationalisation, and foster adaptive training in case of changing work processes within the firm (ibid).

This chapter will attempt to shed light on the role of the employee representatives in personnel reductions, age management, and singular fields of HRM. By doing this, I will assess the validity of the findings of Backes-Gellner et al. (1997) cited above. I will try to formulate the interests of the personnel management and of the works council with regard to singular issues of personnel management, the pursued strategies, and the points of disagreement or compromise. On the basis of those findings, I will assess hypothesis 7.

Of all firms in my sample, the works councils in the purview of ver.di (Firm DE-1, Firm DE-2 and Firm DE-4) and Firm DE-3 had the largest co-decision power due to codification in branch-specific Works Council Acts, and Firm DE-13, due to the fact that the studied site was represented by a group works council (and not only an establishment-based one, like in the case of the other firms with many locations or belonging to a larger group). Their cooperation, resp. conflict potential varied with regard to the issues at stake.

My interviews revealed a ‘job division’ between the employee representation at firm level and the personnel management in the recruitment process which is broadly in line with the regulations of the Works Council Law. The works council members could comment on the recruitment practice but often did not have insight into the first phase of the selection process. Therefore, they could rarely report in interviews whether there were any applications of persons 50 years of age and older. The personnel managers, in turn – in cases when they were responsible for recruitment – could explain the reasons for the concrete practice.

According to the Works Council Law and the Employee Representation Law (in the case of the public sector), employee representatives participate in the personnel selection process and can pose a veto or a recommendation in favour or against hiring a given person. In practice, however, the extent to which such opinions are taken into account by the management varies depending on the power position of the works council in the given firm or branch and whether the relations with management are cooperative or conflictual. Generally, works councils do not regard consultancy in recruitment as their primary activity and are more interested in matters of employee exit policy or health management (Schäfer 2008: 293; Ahlers/Brussig 2004: 621). However, I noticed in my case studies that if works council were engaged in that realm, they voted in favour of giving preference to former
workers before recruiting persons from the external labour market. A hiring freeze enforced or supported by the works council was also a means to shield incumbent workers from redundancy. That confirms Lindbeck’s and Snower’s (1988) observation that employee representatives help preserve the power of ‘insiders’ by keeping ‘outsiders’ from entering the first labour market.

An interviewed official from a regional employment office explained the hesitant recruitment of older applicants in large companies with the strong opposition from the works council towards that practice: “They have released older workers with expensive programmes, they are afraid to hire them again even if they could and wanted to as it does not fit in with their ideology” (JR_27 10 03).

My case studies did not confirm this statement. I found ambiguous evidence with regard to the role of works councils in facilitating the employment of elderly persons from works councils opting against the hiring of older persons in order to give a chance to younger unemployed, to those which opposed it on grounds of the lowering of social standards when hiring a former employee under worse conditions, closing with the chairman of a works council who agitated in favour of the governmental programme “50 plus” (see section 3.2.2.) but was not supported by the personnel manager in his endeavour to hire older unemployed.

Health management is a more conflict-prone issue as the interests of the management and the works council diverge. While the employer strives for lowering the absenteeism rate, the works council wants to introduce workplace health prevention (Arbeitnehmerkammer 2003). In the studied firms, it also showed that the works council and the employer are fighting over issues which centre on the alternatives cost-cutting vs. investment, e.g. whether to install technical aids at workplaces or introduce ergonomic improvements. Such conflicts arise even in a firm with a codified age management strategy, showing the divergence between declarations and actual practice. Another area of conflict are sheltered workplaces which previously were a refuge for incapacitated workers and have been by now outsourced or closed in most companies. The works council in one firm managed to crowd out the subcontractor and to re-integrate those easier workplaces in the firm.

In some firms, the works councils, for which health management is a classic field of action (Brussig/Ahlers 2004: 621), acted as trend-setters – they initiated health management
with a health management professor as mediator and consultant. The purpose was to redirect the focus from analysis of absenteeism rates to preventive measures.

**Further training and know-how transfer** provokes clashes between the two parties in a smaller number of firms than is the case with health management. Again, those clashes ground on cost saving issues. E.g., in one firm the exemption of experienced workers in pre-retirement age for a few weeks from regular work so that they can qualify younger workers is rejected on grounds of temporary unproductivity. In some firms, works councils play a role in stimulating training and preserving training investments (e.g. in case of redundancies, so that outplaced or dismissed workers can quicker find a job more quickly), or pushing for the introduction of customised training (e.g. different levels of IT courses).

There is less disagreement between the two parties over issues of personnel reductions and early retirement. Backes-Gellner et al. (1997: 334) arrived at the conclusion that there is a “seemingly high degree of consensus between management and workers’ representatives, even in the case of dismissals”, and Ebbinghaus (2003: 47) stated that “one actor alone is not able to shape early exit policy successfully unless there is one other main actor that shares similar interests”. Unions “will foster early exit from work when their leaders deem that policies are in the interests of their members”, and the interests of organised labour and employers is to “control and regulate early exit from work independently, and they have an interest in externalizing the costs thereof to the public” (ibid: 47-48). Moreover, according to Mares (2001: 58-59), “[f]irms would like to control the “who, when and how” of early exit, retaining those with needed skills and high productivity, while shedding those with redundant skills and low productivity”.

Following those lines of argument, the management and employee representatives collude in the use of public funds for the early release of older workers with wage compensation. While employers strive to reduce the head count and to ensure the support of workers for the reciprocity norm (Kohli et al. 1983: 29), the works councils have an interest in securing their position by rewarding their constituency and releasing it from work burdens.

In my firm case studies, the employee representatives generally supported early retirement and firm-level pre-retirement schemes on grounds that they offered the option of early exit for persons with impaired health and those suffering from adverse working
conditions, with concomitant receipt of a favourable wage compensation. The works councils are therefore proponents of developing a replacement model for ATZ.

Employee representatives in the studied firms always strive for avoiding dismissals due to operational reasons. In some firms or sectors, Agreements on Protection against Rationalisation are being concluded for such purposes (e.g. in the banking sector, in the public sector, in Firm DE-5, in Firm DE-13 at times, in Firm DE-10, planned by the works council in Firm DE-9), and social plans define the priority of "socially acceptable" measures of personnel reductions over dismissals. Works councils have co-determination powers in case of dismissals, and their intervention on behalf of workers selected for dismissal is usually successful.

The prevention of dismissals due to operational reasons was in most cases only possible due to the use of other alternatives. Here, employee representatives played a role in focusing the personnel reductions on older workers. That is sign of a change in the position of works councils within German firms, and the risen importance of firm-level compared to branch-level bargaining (Weitbrecht 2003: 69-70). The works council plays here the role of a co-manager (Schmidt/Trinczek 1999: 117) by preventing dismissals and, at the same time, supporting the personnel management in using early retirement as a downsizing measure (e.g. in Firm DE-3).

There were singular contradictory examples to that line of action, of WCM who favoured the termination of younger workers’ contracts instead of releasing older ones, or who opted for the extension for the protection against dismissals of older workers (Firm DE-4, Firm DE-13, Firm DE-14).

In the light of those findings, the part of hypothesis 7 related to Germany (see section 2.4.) is herewith supported. The institution of co-determination necessitates the management to consult matters related to the termination of the work contract with employee representatives. Moreover, due to the model of homogeneous trade union representation in one company, they do not have to compete for power and are more prone to compromise. In fact, recent history of labour relations shows a far-reaching collusion of interests between the two parties over early retirement (Ebbinghaus 2002: 48).

This section has shown that the degree of cooperation or conflict between the works council and the management differs with regard to HRM fields. While works councils have
only limited impact (and interest) to co-decide on recruitment issues, they are a powerful partner on issues of health management and contract termination.

In the field of further training, know-how transfer and health management, clashes between the two parties centre on cost containment issues. With regard to early retirement and personnel reductions, there is less disagreement, and a collusion of interests can be observed. Both the management and employee representatives are interested in preventing dismissals due to operational reasons. The works councils play an active role in searching for alternatives and focusing personnel reductions on older workers. Beside the aim of preventing dismissals, the interest of the works council in early retirement is motivated by the wish to release older workers from adverse working conditions with a financial compensation.

It has however to be added that such collusive behaviour is possible only under the condition of the continued interest of workers in early exit. In the interviews with firm experts, I learnt that the wishes of older workers to get relief from work burdens while at the same time receiving a wage compensation which allowed status maintenance played a huge role for the forming of opinions of works councils on early exit.

4.2.10. Conclusions

In this chapter, I will repeat the results of hypothesis testing given in the previous subsections. Afterwards, I will conduct a typological analysis of the 14 firms in the sample based on evidence presented so far.

Hypothesis 1 (see section 2.1.) is supported with restrictions. It is supported with regard to pension reforms, but not supported with regard to active labour market policies. Possibly, positive incentives for the internalisation of older workers entailed by labour market reforms incite action to a lower extent than do sanctions (see Table 1 in chapter 2.). I however claim that structural conditions (above all, the situation on the labour market) determine firm-level policy and the degree of adaptation to institutional changes in the first place.

Of the two competing hypotheses 2A and 2B (see section 2.2.), hypothesis 2A is supported with regard to recruitment, as older workers are seldom hired. Firms set a certain age threshold above which applicants are regarded as less able. Hypothesis 2A is also supported with regard to the termination of the work contract – older workers are treated as
a flexibility resource in times of downsizing, but also for general purposes of creating vacancies and workforce rejuvenation. The training policy in most firms can be assessed as internalising, giving equal access to workers of all ages. The lacking inclusion of older workers in further training in some cases can be explained with their unwillingness to undergo it. Concerning health management and the integration of impaired workers, firms nowadays strive to integrate workers in the regular workplaces instead of providing sheltered workplaces. **Hypothesis 2B** is therefore supported with regard to further training and health management.

**Hypothesis 3** (see section 2.2.) cannot be tested with regard to recruitment due to the quantitatively low number of new recruits in the studied firms during my study – which was sufficient for assessing the general direction of recruitment policy (hypothesis 2A/2B), but not its correlation with structural and socio-demographic factors (hypothesis 3). It cannot also be answered with regard to replacement demand in recruitment, as most companies in my sample were shrinking that can be seen when comparing the number of employees at the two interview waves (**Table 15** and **Table 17**). The hypothesis cannot also be tested with regard to further training due to missing age-linked policies in that field, but it is not supported when solely the access criteria of older workers to training are taken into consideration.

Hypothesis 3 is partly supported with regard to health management and the termination of the work contract. All firms with externalising policies in the field of health and integration management had to cut staff levels at the first or second time of the interview and suffered from a negative development of the given branch of economy. Also those firms where active pushing out of older workers on early retirement or other form of early exit was taking place were reducing personnel at the time of the first or second interview. The current age structure of the workforce exerted no impact here as driver for specific policies, albeit firms have the ‘optimum’ age structure in view as the outcome when carrying through certain policies. This finding is in line with the firm-structural approach (Wolf 1989: 97).

**Hypothesis 4** (see section 2.3.) is supported with a restriction. According to observations of the WCM and HRM in the studied firms, retirement incentives have evoked expectations of workers regarding an early timing of exit. After the curtailment of some early exit options, workers have adapted their retirement planning, albeit they still cling to the idea of a shortened work life and even accept deductions in order to be able to still retire early. A division into workers who can still afford early exit with pension deductions and
those who cannot was reported by firm experts. I thus claim that structural conditions (inter al. rationalisation processes) and the socio-economic position of workers determine whether the individual labour/leisure choice can be made at all.

**Hypothesis 6** (see section 2.1.) is supported with regard to Germany. The personnel policy of German firms is unlikely to facilitate a prolongation of working life in the short or medium term. Firms have a non-uniform policy with regard to older workers, and contradictory measures are applied within one and the same firm depending on the realm of personnel policy in question. Similarly, ‘positive reactions’ are outweighed by ‘negative’ and ‘no reactions’ to legislative changes, showing the lacking commitment of most firms to a prolongation of working life at firm level. The analysis of qualitative data has shown that the type of reaction to legislative changes varies with regard to different reform elements, as well as that there is no uniform type of reaction exhibited by a single firm, but rather a mixture of various adaptation patterns. The type of reactions can alter as a result of changes on the management board, the business cycle etc. It also turned out that the planning horizon of firms is rather short. Ideas how to integrate older workers and how to still provide for early exit options are at conceptualisation, at best at inception phase. The interviews brought to light only few concrete measures. Possibly, the termination of the early retirement scheme and the retirement age of 67 were still too far away at the turn of the year 2006, when the second interview wave took place. Another factor which rendered it difficult to assess the impact of the raised retirement ages for the old-age pension after ATZ was the fact that in firms which had utilised the early retirement scheme or other early exit schemes to a great extent during personnel reductions in 2004, most older workers entitled to that scheme have already left.

**Hypothesis 7** (see section 2.4.) is herewith also supported. Due to the institution of co-determination, the management is able to pursue policies of externalisation via early retirement in cooperation with the works councils, which are prone to cooperate due to their unrivalled position as representatives of the workforce. A ‘collusion’ of interests of employee representatives and the management still takes place. It has however to be added that this collusion largely relies on the continued interest of workers in early exit.

In general, it can be concluded that firms in Germany have a short-term orientation in personnel policy. They do not reflect the development of the age structure of their workforce over the next years. The recruitment of young workers is seen as prime solution for solving problems with know-how transfer, absenteeism rates, or personnel shortage
within the firm. The alternative – increasing the workability of all workers and integrating older workers so as to make them equally productive and innovative – is seldom embraced. A general commitment of German firms to the idea of prolongation of working life is missing.

However, there are a few examples of innovative personnel policy and a dedicated age management strategy spanning several policy fields. But even there, the continuation of early exit options for incapacitated older workers, or in order to make room for the young, is a central element of the strategy. As reasons for embracing an age management strategy, I singled out the impact of firm culture, the link to a business case, the concerted action of social partners at branch level, or the perception of the need to adjust to demographic changes.

One and the same firm may apply a different logic regarding the utilisation of older workers depending on the given policy field and problem constellation. I.e., older workers may be treated as a problem or a resource depending on the context and on the external pressure the firm is currently in. This confirms the statements of the firm-structural approach (Kohli et al. 1983).

The limited adaptation of firms to ´soft´ changes in labour market policy can be explained with limited effect on firm policy (e.g., if older applicants are not taken into account as valuable workers, hiring subsidies will only to a small effect compensate for their assumed negative traits) and the missing sanctions in case of non-adaptation. In contrast, pension reforms have engendered more effects upon company agency, as current early exit pathways have become too costly. However, even there, ´negative reactions´ and ´no reactions´ prevail (continuation of current pathways, opening up of new ones, ´muddling through´).

The actual age of the workforce (relative to the Germany-wide average age of the workforce and percentage of ´50pluses´ in German firms) has no impact upon company policy, quite in contrast to the impact of the firm´s perception of the age of its workforce. Possibly, when deciding about the integration, externalisation or keeping out (by non-recruitment) older workers, firms compare its workforce with the long outdated ´age pyramide´ (Koller/Gruber 2001: 503) – while in practical terms, their workforce does not substantially diverge from the Germany-wide labour force composed of 27.6 per cent of 20-34-year-olds, 42.4 per cent of 35-49-year-olds, and 25 per cent of 50-64-year-olds (Eurostat data, retrieved on Dec. 18th, 2008).
I made out some forms of irrational behaviour of firms in view of the ageing workforce. By releasing older workers via the early retirement scheme before the raising of retirement ages (at the end of 2003), some firm experts admitted that they lost valuable potential and firm-specific knowledge. That shows that firms respond not only to structural factors (changes on the market and labour market) but that also institutions (e.g. the institution of ATZ) shape there behaviour even if it does not serve utility maximisation (Meyer/Rowan 1977: 350ff). The change in older workers’ capabilities (Lehr 2000; Naegele 1992) did not play a role in this case as both the management and the works council members saw the released older workers as know-how carriers.

Another interesting result from my German firm case studies is the continuing divide between blue-collar and white-collar workers with regard to the opportunities to prolong working life. On the one hand, that is due to the differing accentuation in the interviews of the problems and chances of blue-collar workers by the works council, and of white-collar workers by the management. But on the other hand, representative data proves different burdens of those two occupational groups on average, resulting in earlier retirement and a higher take-up rate of disability pensions by blue-collar workers (Henke 2000: 205; Ebert 2007: 139).

On the basis of evidence from previous sub-sections, the 14 German firms in the sample can be arranged into types along the two dimensions ‘muddling through’ vs. ‘age management strategy’ and ‘externalisation vs. internalisation’ (Table 19). For information on the allocation criteria to each of these categories, see Annex C.

Table 19: German firm typology

<table>
<thead>
<tr>
<th>degree of integration of older workers</th>
<th>stage of development of HRM strategy</th>
<th>age management strategy</th>
<th>firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>internalisation</td>
<td>medium-internalising position</td>
<td>Firm DE-13, Firm DE-10</td>
<td>Firm DE-7</td>
</tr>
<tr>
<td>medium-internalising position</td>
<td>medium-externalising position</td>
<td>Firm DE-12*</td>
<td>Firm DE-3</td>
</tr>
<tr>
<td>internalisation</td>
<td>medium-externalising position</td>
<td>Firm DE-14</td>
<td></td>
</tr>
<tr>
<td>externalisation</td>
<td></td>
<td>Firm DE-1, Firm DE-2, Firm DE-4</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Firm DE-6, Firm DE-9, Firm DE-11</td>
<td></td>
</tr>
</tbody>
</table>

* = based on one interview only
Firm DE-5 and Firm DE-8 were not included in the analysis due to scarce material.
The cells in grey denote ‘good practice’ companies.
Pearson Correlation between the variables ‘degree of integration of older workers’ and ‘stage of development of HRM strategy’ – 0.130, p = 0.687.
All German firms in the sample occupy a medium position with regard to internalisation, resp. externalisation of older workers. About half of the studied firms have developed an age management strategy or their personnel policy takes into account some aspects of the ageing of the workforce, while the other half is in the stage of ‘muddling through’ and incrementalism (Wiesenthal 2003: 60ff; Kohli/Rein 1991: 12), adapting policies to current needs. The latter half of firms has not yet realised the need to respond to the (approaching) challenges of workforce and demographic ageing with a comprehensive HRM policy. (The values in this index were derived inter al. from Table 16 in section 4.2.2. which visualised in how many HRM fields the studied firms are active.) The two variables are not significantly correlated.

Firms in the column ‘medium-internalising position’ are characterised by a mixed portfolio of HRM strategies towards older workers. E.g., Firm DE-13 has an internalising policy with regard to health management, but seldom takes into account older applicants in recruitment. The civil service establishment Firm DE-1 grants equal access to applicants of all ages (with the exception of certain areas, e.g. fire brigade), but does neither have a developed further training policy nor age-adequate measures in this field.

Firms in the column ‘medium-externalising position’ actively push out older workers on early retirement, do not include them as new recruits, and/or use externalisation as a solution to integration problems of impaired workers. E.g., Firm DE-11 conducts a qualification plan and gives equal access to training to workers of all ages but does not prevent the early exit of older, incapacitated workers on disability pensions.

On overall, it can be said that German firms in the sample have an inconsistent personnel policy towards older workers. On the one hand, the direction of personnel policy varies across policy fields. E.g., the firms can at the same time adopt health management policies with the aim of preserving the workability of its workers, and set an incentive to early exit of unproductive or incapacitated workers by compensating for pension deductions; or highly value the know-how of older workers and ensure transferability of knowledge onto younger workers while at the same time rejecting older applicants with the argument that their knowledge is too specialised and „narrow-gauged“. On the other hand, the HRM policy might change in the medium term due to the impact of structural or demographic conditions on the labour market (see Fig. 1 in chapter 2.).
Another result of my studies, which can be read from Table 19, is that there are no firms which have a thoroughly internalising personnel policy towards older workers, and no firms which have a thoroughly externalising policy. Thus, I can confirm the statement of Naschold et al. (1994b: 142) about an „homogeneous age-selective externalisation strategy“ only with regard to employee exit policies (which was the only realm of company policy taken into account by Naschold et al.), but not when assessing the overall shape of HRM.

Other evidence partly shows a perpetuation of mechanisms revealed by Naschold et al. (1994b) in the 1980s, and partly a break with those mechanisms. One similarity is the fact that firms still do not primarily pursue a “productivity logic” in their use of early retirement and do not aim at rejuvenation but rather at stabilising the employment shares of ´50 pluses´ (ibid: 148-9, 153). Another similarity is the continuing cooperation of the management and the works council on issues of early retirement in such a way as to make the externalisation acceptable to the workers concerned both in terms of secured income and adherence to the norm of “employment stability” (ibid: 151, 153), and the “constrained choice” nature of early retirement options for employees (no integrative option like in Japan, the USA or Sweden is available; ibid: 153).

The difference to evidence presented by Naschold et al. (1994b) lies therein that not all older workers nowadays directly enter retirement after ceasing work but rather go through stages of unemployment cushioned with severance payments, disability pension receipt, or the ´free-time phase´ of the early retirement scheme (ibid: 144). Moreover, the use of early retirement does not lead to a levelling off of age structures across different branches as apparently was the case in the 1980s and early 1990s (ibid: 145). Last but not least, the assessment of Naschold et al. (1994b: 142) that German firms view older workers as a ‘flexibility potential’ and not as a vital human resource, and that they do not attempt to develop a systematic policy aimed at their integration has to be qualified. My firm case studies have shown that there is – admittedly a low – number of firms which take into account the ageing of the workforce and develop holistic HRM strategies as a response, and a somewhat larger number of firms which address the demographic challenge in singular policy fields like health management or further training. Moreover, the firm-specific know-how of older workers is being increasingly recognised as a resource – firms develop methods for know-how transfer, and seek to retain singular older know-how carriers or to re-integrate them as retirees via a consultancy contract.
Another question guiding my analysis was whether the position of trade unions held in the 1980s – shortening of working life supported by trade unions in the foodstuffs industry, chemical industry and the civil service, resp. shortening of weekly working hours supported by IG Metall (see section 3.2.4.) – is still reflected at firm level. However, when comparing firms in the purviews of respective trade unions in Table 19, no pronounced externalisation, resp. internalisation strategy of one group or the latter is visible. Possibly, with time, the positions of trade unions on early retirement have grown closer together, as the agitation of IG Metall for a prolongation of ATZ vividly demonstrate (IG Metall 2006).

With regard to the stage of development of HRM in the studied firms (the rows in Table 19), it shows that about the same numbers of firms have an elaborate age management strategy, or an HRM strategy which takes into account the ageing of the workforce (see section 4.2.2.), as firms which ´muddle through´ and firms which are in intermediate stages. This shows that there is much to be done before German firms adopt a sustainable HRM policy which addresses the ageing of the workforce in all relevant fields, but it also shows that the internalisation of older workers is not significantly correlated with how elaborate the HRM policy is, and to what degree demographic and workforce ageing is reflected at firm level.

Hypothesis 5 (see section 2.2.) cannot be answered at this point, as no clear pattern emerges when studying solely the personnel policy of German firms. I will return to that hypothesis in the comparative section 4.4., when a pattern may emerge in contrast to the personnel policy of Polish firms.

4.3. Polish Firm Case Studies

In the next chapters, I will describe and analyse the findings from Polish firm case studies (interviews and collected statistical material and collective agreements). I will analyse the barriers and opportunities to the prolongation of working life in the field of recruitment, further training, health management (including the integration and rehabilitation of incapacitated workers) and the policies guiding the end of work life. Throughout the chapter, I will make use of the distinction between internalisation and externalisation towards older workers (see section 4.1.1.). In each HRM field, I will typify ´good practice´ examples. I will also answer the hypotheses formulated in the initial
sections of this work. At aggregate level, I will recur to findings from literature presented in chapter 4.1.

Afterwards, I will elaborate on the reaction of firms and of the workforce (as perceived by the interviewees) to legislative changes, and describe the mode of negotiations on HRM issues between the management and employee representatives. Here, I will refer to knowledge presented in the institutional section 3.3.

In the final sub-section of this chapter, I will repeat the results of hypothesis testing. I will also construct a typology of Polish firms along the two dimensions internalisation – externalisation, and ‘muddling through’ policies versus HRM strategy.

4.3.1. Presentation of the Studied Establishments

The firms studied in Poland employ between 200 and 2,000 workers. Firms with 500 and more workers – which I originally had intended to include in the sample – are much more seldom in Poland than in Germany. Polish public enterprises in the past were often organised into large combines and practised excess labour hoarding. In the course of restructuring, they were forced to undergo a „stringent slimming diet“ (Gaćiarz/Pańków 1996: 16). Moreover, as I focused on the establishment level and included only firms in my sample which had their headquarters or a branch including the personnel department in Southern Poland, I had to exclude many large firms with headquarters in Warsaw due to high centralisation of business activities in Poland (see CBR 2004, quoted in Golinowska 2004: 358).

An example of formerly large industrial combines partitioned during the transformation period is the construction company Firm PL-7. At the end of 1960s, it employed over 12,000 persons. In the 1990s, the large corporation was divided into separate business units, of which some have already been closed. As of 2005, it employed only 270 persons at two sites.

The average share of workers aged 50+/51+ in the 16 Polish enterprises which provided such data is 22 per cent. In comparison to the German firm sample, it is almost three per cent lower. The average age of the workforce in ten Polish firms which provided respective numbers is 42.3 years – 0.4 years lower than in the German sample. It can be thus assessed
that the workforce in Polish firms in the sample is on average slightly younger than in German firms.

A representative survey showed that Polish firms with 250 and more workers employ on average 23.7 per cent of workers above the age of 50 (Ipsos 2007, Excel Table pq3_1). The firms in my sample are therefore typical for Polish firms of similar size.
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Firm PL-1</td>
<td>Post and Telecommunications</td>
<td>1,600</td>
<td>15%</td>
<td>n.s.</td>
<td>Public body</td>
<td>negative</td>
<td>No</td>
<td>HRM/TU</td>
</tr>
<tr>
<td>Firm PL-2</td>
<td>Man. of Food Products and Beverages</td>
<td>373 (at 7 sites)</td>
<td>21.5% (at 7 sites)</td>
<td>n.s.</td>
<td>Cooperative</td>
<td>slightly negative*</td>
<td>Yes</td>
<td>HRM/TU</td>
</tr>
<tr>
<td>Firm PL-3</td>
<td>Man. of Food Products and Beverages</td>
<td>351*</td>
<td>13%</td>
<td>35 years</td>
<td>Limited liability company</td>
<td>slightly negative*</td>
<td>No</td>
<td>CEO (no trade unions in company)</td>
</tr>
<tr>
<td>Firm PL-4</td>
<td>Man. of Electrical Machinery a. Apparatus n.e.c.</td>
<td>2,321</td>
<td>13.4%</td>
<td>41 years</td>
<td>Stock corporation, mixed ownership*</td>
<td>positive</td>
<td>No (but before 2005)</td>
<td>CFO/TU</td>
</tr>
<tr>
<td>Firm PL-7</td>
<td>Construction</td>
<td>239*</td>
<td>42.3%</td>
<td>47.5 y. – white-collar-w.; 45.5 y. – blue-collar w.</td>
<td>Stock corporation, mixed private and public ownership</td>
<td>positive</td>
<td>Yes (seasonal adjustments before 2006)</td>
<td>HRM/TU</td>
</tr>
<tr>
<td>Firm PL-10</td>
<td>Man. of Chemicals and Chemical Products</td>
<td>199</td>
<td>18.6%</td>
<td>41.1 years (at holding company)</td>
<td>Stock corporation; private ownership*</td>
<td>positive</td>
<td>No (but before 2005)</td>
<td>HRM &amp; TU</td>
</tr>
<tr>
<td>Firm PL-11</td>
<td>Man. of Transport Equipment</td>
<td>415</td>
<td>36.3% at age 51+</td>
<td>45.7 years (2004)</td>
<td>Stock corporation; mostly private ownership</td>
<td>positive</td>
<td>No (but before 2005; curr. hiring freeze a. delays in wage paym.)</td>
<td>HRM/TU</td>
</tr>
<tr>
<td>Firm PL-13</td>
<td>Man. of Chemicals and Chemical Products</td>
<td>1,944</td>
<td>17% at age 51+</td>
<td>41.1 years (at holding company)</td>
<td>Stock corporation; private ownership*</td>
<td>positive</td>
<td>No (but before 2005)</td>
<td>HRM &amp; administrative worker/TU</td>
</tr>
<tr>
<td>Firm PL-14</td>
<td>Man. of Transport Equipment</td>
<td>510</td>
<td>n.s. (43% aged 40+)</td>
<td>42 years (2004)</td>
<td>Limited lia. comp.; private ownership*</td>
<td>positive</td>
<td>No (but in 2002-03)</td>
<td>HRM, factory tour; TU refused</td>
</tr>
<tr>
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</tr>
<tr>
<td>Firm PL-15</td>
<td>Man. of Transport Equipment</td>
<td>521</td>
<td>21.1% at age 51+</td>
<td>40.7 years – women, 38.2 years - men</td>
<td>Limited liability company, private ownership*</td>
<td>slightly positive*</td>
<td>Yes (seasonal adjustments)</td>
<td>HRM/TU</td>
</tr>
<tr>
<td>Firm PL-16</td>
<td>Man. of Food Products and Beverages</td>
<td>215</td>
<td>22.8% at age 51+</td>
<td>n.s.</td>
<td>Stock corporation; private ownership</td>
<td>slightly negative*</td>
<td>No (only till 2002)</td>
<td>HRM/TU</td>
</tr>
<tr>
<td>Firm PL-17</td>
<td>Electricity, Gas a. Water Supply</td>
<td>783</td>
<td>26.5% at age 51+</td>
<td>ca. 45 years (2004)</td>
<td>Stock corporation, mixed private/public*</td>
<td>negative</td>
<td>Yes</td>
<td>HRM/TU</td>
</tr>
</tbody>
</table>

Source: corporate data; GUS 2005, 2007
* = less than -1% employment decline, resp. below +1% employment growth
4.3.2. Overall human resource management strategy

In this section, I will describe the general direction of personnel policies with regard to older workers in Polish firms. I will describe how Polish companies react to demographic ageing, whether some of them have a strategic orientation in HRM and how the transition of the Polish economy and subsequent privatisation has changed personnel policy.

I will start with the definition of ‘older workers’ applied by the interviewees in company practice, and report which faults or virtues the interviewees associated with that group of workers.

Most firm experts define older workers by their calendar age; the age thresholds ranges from 40, through 45, 50, and 55 to 60. Other definitions centred on the tenure of workers, ranging from 15 years – which is in line with the legislative requirement when applying for early retirement pension available to persons who have worked on health-harming workplaces – to 30 years. Several persons understood older workers as carriers of firm-specific know-how. Quite often, the interviewees defined older workers in relation to requirements at the workplaces in their firm – in terms of job-specific productivity of which they observe older workers to fall short, or in terms of harmful working conditions which cause early wear and tear and make a worker age quicker.

The interviewees argued in terms of declining productivity of older workers and their shortened period of ‘usability’. That was most evidently expressed by the personnel manager from a metal- and machine-manufacturing company: “If one takes into account the conditions in which he works, and the effort connected with his work, possibly harmful factors at those workplaces, then that age limit is lower, it is lower – I mean here the chances of deploying a manufacturing worker” (Firm PL-6_HRM). In this argument, two points deserve more attention. Firstly, the deterioration of health and the declining usefulness for the firm is seen at the same time as an process internal to the firm (as happening at certain harmful workplaces) and external to it (as seemingly inevitable and which cannot be prevented by the firm). Secondly, it was an argument starkly in line with the labelling approach which states that older workers are assigned generalised opinions about their declining performance (Kohli et al. 1983: 27-8) and with the neo-classical labour market theory based on the deficit thesis of old age (Soltwedel/Spinanger 1976: 276). The negative opinions about older workers were more pronounced than in the case of Germany (see section 4.2.2.), and age-related problems were placed in the opinion of Polish interviewees to a greater extent beyond the sphere of influence of the company.
Perceived drawbacks of older workers which were named most often were bad habits from old system, low mobility, low flexibility, inability to learn new things, unwillingness to adapt to changes. As “bad habits from old system”, the interviewees named drunkenness, low work ethic, too high self-assessment, rejection of changes associated with market economy. Some interviewees criticised the missing computer skills and missing knowledge of foreign languages.

The fact that Polish interviewees found more faults with older workers than the German ones suggests that the older generation in Poland is factually less adapted to work under market conditions (that opinion was voiced by employers in a representative survey; Ipsos 2007: 26) than in Germany. Thus, older workers can be regarded as a group which is most disadvantaged by the transformation in terms of their labour market integration (Synak 1996: 57-8).

At the same time, Polish respondents found also far more virtues of older workers then German interviewees. Polish firm representatives mentioned besides experience and know-how (21 persons) also company loyalty (6 votes), work discipline and reliability (6 votes), and even temperament and orderly family life (10 persons).

This polarisation of opinions on older workers can be explained with market pressure, as those personnel managers which were most critical of older workers were members of private or mixed ownership firms. In fact, the same persons issued both negative and positive opinions on older persons, but personnel managers were more critical than employee representatives.

I did not ask Polish firm experts directly about the prospected effects of workforce ageing. Nevertheless, some of them offered their assessment. Workforce ageing was associated with know-how losses after experienced workers retire, with lack of successors, with higher absenteeism rate and more frequent medical contraindications to perform certain tasks, with lower mobility, lower innovation potential, and with a ‘bad’ age structure per se. In those accounts, it became apparent that the ageing of the workforce is perceived as a threat, and that the interviewees were not content with the age structure of the workforce in their firms. As the optimum average age of the workforce, they regarded the age range 30-40.

An ‘age-blind’ personnel policy was asserted by interviewees in nine firms, but in some of those firms older workers were granted preferential treatment with regard to seniority
wages, jubilee awards, or a longer protection against dismissals than that set by the legislator (Firm PL-9, Firm PL-14, Firm PL-15). An example of youth-orientated personnel policy is, according to the shop steward, the utility Firm PL-17, with preferential treatment of younger workers with regard to promotion, and demotion and subsequent pushing out of older workers. In contrast, the general tendency of personnel policy in Firm PL-1 and Firm PL-8 is to protect and support older workers. Persons in pre-retirement age receive higher wages and have priority in promotion to higher positions in order to ensure a higher pension level for them (which is assessed in the old system based on earnings from ten consecutive years). Younger workers are assigned strenuous tasks in order to relieve the older ones, and workers with long tenure are entitled to treatments in a health resort.

A HRM strategy could be discerned only in a utility (see Box 6). Personnel managers in Firm PL-8, Firm PL-14, Firm PL-15 and Firm PL-17 also reported that they plan a HRM strategy but upon closer inspection, I learnt that the strategy was limited to only a few fields (e.g., in Firm PL-15 and Firm PL-17, the main focus were personnel reductions).

**Box 6: Holistic HRM strategy in Firm PL-9**

The HRM strategy in Firm PL-9 is planned by the personnel manager who is subordinate to the Director of Financial and Personnel Matters. Large changes have occurred since the acquisition of the firm by a foreign owner in 1998, inter al. in the procedure of recruitment, in occupational safety and in personnel deployment. Before the acquisition, there had been no planning of training demand and no personnel planning. The personnel manager conducted an analysis and extrapolation of the age structure for the first time in 2004. It showed that several problem areas will emerge in the future:

> “We perceive several problems which will emerge in a few years in some areas, and in ten-odd years in some other areas. That is, there will be a gap – most people will leave and we will, in fact, have a problem with ensuring the proper functioning of those areas. There will be problems with know-how transfer in those areas, therefore we have to take action… to rejuvenate [those areas].” (Firm PL-9_HRM)

Up until the date of the first interview, there had been no planning of competences held by employees, and of competences required for the future. Where know-how gaps have been identified, the firms wants to focus further training. Moreover, the newly identified ’know-how carriers’ will be deployed in conveying this knowledge onto others.

Another trend in the company is the training of versatile and polyvalent workers – or, as I have named it in the section on German firm case studies, ’dual careers’. Blue-collar workers are trained in order to perform many tasks. E.g., electricians have to be able to supervise the dumping of coal, and to operate several machines. That innovation is sharply criticised by the chairman of the biggest trade union in the firm (unionisation ratio of 30%): “For the employer, it is very convenient to have a universal worker. (...) As all employment gaps will be neatly, cleanly closed and I [=the employer] do not see any need of employing more people” (Firm PL-9_TU-1). The shop steward also perceives a risen work intensity and a higher risk of occupational accidents due to insufficient preparation for the broad range of tasks.
Age management strategies were missing in the analysed firms altogether. Some interviewees admitted that this topic was “revolutionary” and “completely new” to them and that the interview made them think about possible alterations in the future.

Polish firms (both in my sample and at aggregate level, see Tokarz 2007a: 14) have not discovered the potential of age management as a HRM approach for balancing out the inequalities in the treatment of older and younger workers and for value-adding integration of workers of all ages in the production process. Policies which take into account the age of the workforce are understood as a solely protective approach or bear for them the risk of ageism.

In line with those initial observations, explicit personnel policies towards older workers in Polish firms were scarce, and focusing mostly on protective issues (Table 21). Therefore, the below table pictures personnel policy in general, and not ‘personnel policy towards older workers’ as was the case in the analysis of German case studies (section 4.2.2.).

Table 21: Focus of personnel policy in Polish establishments

<table>
<thead>
<tr>
<th>Firm</th>
<th>health management</th>
<th>know-how transfer</th>
<th>further training</th>
<th>change management</th>
<th>early retirement</th>
<th>social benefits to older workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>PL-1</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>PL-2</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>PL-3</td>
<td></td>
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<td></td>
<td></td>
<td>X</td>
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<tr>
<td>PL-4</td>
<td></td>
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<td></td>
<td></td>
<td>X</td>
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<tr>
<td>PL-5</td>
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<td>X</td>
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<tr>
<td>PL-6</td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
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<tr>
<td>PL-7</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
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<tr>
<td>PL-8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
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<tr>
<td>PL-9</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
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<tr>
<td>PL-10</td>
<td></td>
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</tr>
<tr>
<td>PL-11</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PL-12</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>X</td>
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<tr>
<td>PL-13</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
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<tr>
<td>PL-14</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>X</td>
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<tr>
<td>PL-15</td>
<td></td>
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<td>X</td>
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<td>X</td>
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<tr>
<td>PL-16</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td>X</td>
</tr>
<tr>
<td>PL-17</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

Source: own data; based on accounts of personnel managers or relations of shop stewards and analysis of collective agreements.

Flexibilisation of working hours and rules of promotion were not taken into consideration in the analysis.

Just as was the case with the German firms in my sample, externalising measures and measures which treat older workers as a group in need of care (right side of Table 21)

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52 In difference to Table 16 in section 4.2.2., I did not include the column on ‘personnel deployment’ and ‘age-adequate workplaces’, as none of Polish firms had policies in those fields, and the column ‘protective measures’ was extended here to ‘social benefits to older workers’.
dominate over measures which treat older workers as a resource and aim at utilising or enhancing their potential (left side and middle of table). ‘Social benefits to older workers’ include dismissal protection for older workers exceeding the statutory 4-year-period prior to retirement age, a protection against decrease in wages in case of downgrading of older workers, jubilee awards, seniority wages, extra holidays for older workers, or exemption from certain burdening tasks or shift work.

Another striking conclusion is that firms with foreign capital (cells with grey background), with the exception of Firm PL-4 and Firm PL-5, have a more elaborate personnel policy than firms with domestic capital, which is reflected in crossed cells in at least three fields of personnel policy. This is in line with the finding of Pocztowski (2002: 22), who states that large firms and multinational companies apply a more modern approach to HRM. That modern approach is reflected in personnel strategies and a clearly defined mission of the personnel unit, and the conceptualisation of personnel tasks such as employing workers, their appraisal, compensation and training in the personnel department and not on the operational level (ibid). Moreover, companies in the upper part of the table (Firm 1 till 4) were located in a region with high degree of rural employment and worse infrastructure, which were therefore less attractive to foreign investors (Golinowska 2004: 358; „Polska Polsce nierówna“, Polska.pl (Iwona Borkowska) 4. June 2008).

To sum up: Polish interviewees characterise older workers in terms of their declining opportunity, showing a reliance on assumptions of the labelling approach and the deficit thesis of old age. Older workers are ascribed both more positive and more negative values than was the case in the German study; that group of workers is assessed most negatively by personnel managers from private or mixed ownership companies. Older workers are assessed also negatively in times of their bad habits from old system, thus making them victims of the transformation process.

In general, Polish interviewees are less sensitised to age management and to the potential of older workers than German firm experts. The ageing of the workforce is unanimously perceived as a threat.

In about half of the studied Polish firms, the interviewees assessed the personnel policy as ‘age-blind’; in fact, several preferential measures towards older workers were in place (e.g. in the field of gratification or performance assessment).

In general, Polish firms do not apply any age management strategies, and many firms do not have a holistic view on personnel policy but focus on singular areas of personnel policy,
or resort solely to reactive measures (as will become clear in the next sections of this work). Firms located in economically more developed regions and with foreign investment are more innovative with regard to personnel policy, and more prone to pursue long-term orientated HRM strategies. The main focus of personnel policy with regard to older workers are protective measures and social benefits and early retirement.

4.3.3. Recruitment Practice

The interviews with Polish firm representatives generated more information on the recruitment policy than was the case in my German firm case studies. At the time of the interview with the personnel managers (2005) or the shop stewards (2006), five firms were affected by a hiring freeze (Firm PL-4, Firm PL-8, Firm PL-9, Firm PL-10), but even there, the interviewees elaborated on the firm’s recruitment policy. Moreover, interesting comparisons with pre-transition situation were possible.

Just as was the case with the studied German firms, older workers in Poland have small chances of finding a new job. The anti-discrimination legislation has sharpened the awareness for ageing issues and some interviewees reported a dropping of age bars in job ads, either in their own firms or in competing firms. However, theory (equal opportunity) and practice (the results of hiring) are wide apart, as was expressed most explicitly by personnel managers in two vehicle manufacturing firms:

“[O]fficially, I can say that those who are 60 and who are 25 have equal rights. In practice, there is more hiring of younger persons, meaning directly after university education or vocational schools, as far as blue-collar positions are concerned.” (Firm PL-15_HRM)

“Of course, age is no criterion, it does not appear anywhere, but the result is, as it seems… (...) The result of hiring somehow seems to confirm that mainly young workers are recruited.” (Firm PL-14_HRM)

The transition to market economy has lowered the recruitment chances of older workers in two respects. Firstly, causes were the tight external labour market, and internal ‘squeezing’ and hiring freezes. Secondly, the demands for the qualification status of applicants and performance requirements have risen sharply. Whereas before, even workers with only primary school education were hired53, nowadays a completed university

53 My interviewees reported that during full employment and labour hoarding, there was a real “hunt for workers”, incentives to join a firm, and even forced recruitment. The basic selection mechanisms were nepotism and governmental orders (e.g. hiring of formers prisoners or persons with mental handicaps).
education, computer literacy, knowledge of foreign languages and several soft skills are demanded for many jobs. Under conditions of high unemployment, the firms can afford the selection of candidates who exactly match the job profile. Some interviewees even expressed the opinion that a generational change is needed before workers will have acquired skills needed in the globalised economy. My interviewees also claimed that the formerly dismissal-proof jobs regardless of actual performance have brought about a low work ethic in the current cohort of older workers and have not taught them to invest in themselves which makes adaptation to the present-day conditions all the more difficult.

Another development observed by some shop stewards was the lower appreciation and lower standing of older workers when compared to the time before the transition which had a bearing on the general attitude towards them, on remuneration, recruitment and promotion:

“So-called older workers were somehow differently reckoned with. (...) [PA: Why has that changed?] I don’t know, maybe therefore because before, as I remember it, I think that older workers possibly were the majority. And they somehow dominated the firm. Nowadays, as I have already said, young folks dominate, and maybe that’s the reason.” (Firm PL-6_TU)

Those developments, which were a natural consequence of market adjustments, worsened in my eyes the opportunities for the prolongation of working life.

In the studied firms, most new hiring was conducted for manufacturing positions. There, young workers (below 40 or below 30, depending on the firm) were preferred because of assumed better physical fitness. Also the position of postmen and of sales representatives was considered as too burdening for older workers, and even for female applicants. The interviewees argued with the wear and tear as the inescapable effects of working long years in the given occupation – an argument in line with that of ‘task-contingent age limits´ built into certain jobs voiced in the German scholarly discourse (Behrens 1999).

In opinion of firm experts, older workers do not match the job profile in the sales department, marketing, and in other departments dealing with new challenges of the market economy and with international cooperation and competition. In the eyes of the interviewees, older persons are not fit for those tasks due to “bad habits from old system” – entitlement mentality, ineffective working style, low motivation. Older workers educated in the former system do not, according to the observation of interviewees, speak foreign languages besides Russian, and have no computer skills. Due to high costs of further training, some firms prefer the hiring of persons who exactly match the needed
qualifications instead of re-training current older workers or older applicants. That opinion was voiced explicitly by personnel managers from firms with foreign investment.

Neo-classical arguments of too short depreciation period of investments in initial and further training, too high labour costs or wages were named by interviewees from about half of the studied firms.

An argument in favour of hiring younger persons was the mounting challenge of accomplishing know-how transfer from retirees onto successors. In this context, I recorded an interesting conversation between the head of the personnel department (HRM-1) and her subordinate personnel administration manager (HRM-2) in a chemical company; both were females. HRM-1 was a proponent of a selection of new recruits on the basis of purely economic criteria, while her subordinate pleaded for a social and supportive approach towards older applicants:

HRM-2: Rejuvenate, rejuvenate. Why?
HRM-1: But Z., in our case, we have to rejuvenate our staff…
HRM-2: There you see!
HRM-1: … because there are women, who will retire soon, and there are no workers left, there is no young staff, in fact. So, that’s the problem.
HRM-2: But look: They will retire (…), and for their position, we will not hire a 50-year-old woman. But a young girl.
HRM-1: A more versatile person.
HRM-2: Exactly, therefore we should not delude ourselves. We should not delude ourselves that older persons have – I do not speak of our firm, I speak in general – that they have the same chances as young persons. Because they don’t."

(…)

HRM-2: A 60-year-old woman, or a 59-year-old one, she’s for sure, she’s for sure maybe [sic!] less efficient.
HRM-1: Exactly!
HRM-2: And she’s not as creative, and she does not have such [zeal]. It’s no use talking. So, that’s how it is with older people… Youth is beautiful, you know, really, but there are also some older people around. And they are left like this, you know, to fend for themselves.

That conversation shows that older workers are regarded by both managers as less able. The personnel manager who is more sympathetic towards them (HRM-2; she was 47 and already considered herself an older woman) was a proponent of equal recruitment chances for applicants of all ages, which however appear in this line of reasoning as affirmative action, where older workers are hired for social reasons despite their assumed deficiencies.

In my view, the belief that older workers and applicants are less able and effective than younger persons constitutes an equally big barrier to their recruitment as direct ageism in
the recruitment practice. In the above example, the assumption of the lower capabilities of older workers – derived from the experience with some workers – is generalised to all persons within the cohort.

Another barrier to the recruitment of ‘50pluses´ at the first time of my interviews in Poland (spring 2005) was the large number of younger and middle-aged unemployed with completed secondary or tertiary education. That fact lowered the recruitment chances of older persons in two ways. Firstly, the firms reported that they had enough applications from younger persons and could choose among many qualified applicants. Secondly, interviewees felt a moral obligation to provide workplaces for young persons, to “give them the chance to earn their old-age pension” (Firm PL-8_HRM). That opinion was issued not only by managers. The bad job prospects of older candidates were summed up tellingly by the personnel manager of Firm PL-17: „Here, such older workers are not dismissed in a steady way, but they are not recruited, either.” Older workers already on the job are valued for their company loyalty and large experience, while simultaneously external older candidates are rejected. That pattern can be made out in all 17 Polish firms. In no firm in my Polish sample are older candidates preferred for certain positions, and in no firm could an age-blind recruitment policy be made out with regard to all positions – there were reservations against older applicants e.g. for positions in manufacturing, in the sales department or as postmen, with no consideration of possible aptitude of singular ‘50pluses’. Therefore, hypothesis 2A (see section 2.2.) is supported with regard to recruitment policy, and hypothesis 2B is not supported.

As in my Polish firm sample, there was no case of a firm which applied an age-blind recruitment policy both in theory and practice, I cannot identify a ‘good practice´ example. Personnel managers from several foreign ownership manufacturing companies ascertained that they had an age-blind recruitment policy in theory, but that in practice, mostly younger workers were hired or none at all (due to a hiring freeze). There were, however, some cases where older workers had some chances to be hired, albeit when reporting about those singular chances, the personnel managers – who had larger expert knowledge on the concrete hiring procedure than trade unionists – referred to „older candidates above 40”. As was the case in Germany, older workers have highest chances to be recruited for management positions, albeit not in all firms. Other firms opened up hiring opportunities for former workers who had been dismissed or who had lost their entitlements to a
disability pension, for older relatives, in specialised areas (e.g. working on old machines), and for commissioned work (older workers with the needed qualifications help some firms to save training costs). A typically Polish feature is the employment of pensioners and recipients of pre-retirement benefits; that was the case in about the half of the studied Polish firms. Pensioners are usually recruited for casual jobs or commissioned work. Compared to other EU countries, Poland has a higher employment rate of persons aged 65 and older than Germany and EU-25 (Eurostat data).

In some cases, shop stewards had a divergent view on the actual hiring practice than personnel managers, e.g. reported almost exclusive hiring of persons aged 20-odd (despite contrary declarations of the manager). Due to the fact that I interviewed shop stewards one year after the first round of interviews in Polish companies, a short glimpse of developments across time was possible. In a chemicals company, the personnel managers interviewed in 2005 had jointly reported that younger applicants were favoured in case of new job openings. The shop steward, interviewed one year later, made out a trend towards the broadening of the age range of potential new recruits in distinction to the time around 1994-1997, when incumbent ‘50pluses’ were released and younger, cheaper workers were hired in their place (Firm PL-13_TU). In the opinion of the shop steward, recruitment problems in certain occupations (e.g. electricians) due to the closing of secondary vocational schools led to a greater appraisal of middle-aged workers. The requirements have been reduced to match the profile of remaining candidates, i.e. no command of foreign languages and driving licence is required.

Also in the construction company, the employment chances of older workers have changed considerably within a year. The construction branch in Poland exhibits a shortage of qualified workforce due to a deficit of secondary vocational schools with a construction profile, the unwillingness of younger persons to work in construction, and migration to Western Europe (comp. also Tokarz 2007a: 11). That is a large difference to the situation in 2005 when the personnel manager had rejected older workers due to large competition on the labour market, high labour costs and their failure to meet medical criteria for work at high level. However, the so created opportunity for finding a new job by older persons is constricted, as the construction industry only hires workers for temporary contracts in line with the seasonal business cycle.
To sum up, applicants over 50 are taken into consideration for job openings only in one construction company (as of 2006) and for singular areas in some other firms. However, those handful of firms differ with regard to the explanatory variables of recruitment behaviour (age structure of the firm’s workforce and its economic position), therefore hypothesis 3 asserting the power of those variables upon hiring policy is not supported here. Polish firms show far-reaching homogeneity with regard to hesitant or discriminatory hiring policy towards older workers. The non-recruitment of older workers is in rare cases the result of ageism (more often in privatised firm with foreign capital), in other cases it is not deliberate policy but rather a by-product of weighing stereotypical assumptions of older workers’ capabilities and deficiencies against the job profile. My studies have revealed a large divergence between declarations of ‘age-blind’ recruitment policy, and the actual outcome of hiring processes.

The transition to market economy has lowered the recruitment chances of older applicants. Due to high unemployment, there are large numbers of available younger and middle-aged workers, who have a higher educational level and ‘fresh’ knowledge needed in companies subject to market competition and assumed higher productivity and work ethic. Also the obsolete know-how of older applicants (e.g. servicing of old machines) and qualifications which do not match current requirements (e.g. command of Russian instead of English or German) contribute to their low recruitment chances.

The differences in the position of trade unionists and managers with regard to the topic of recruitment amounted to the fact that managers had greater latitude to decide on those aspects, shop stewards aimed to protect the re-hiring chances of former workers and voiced preference for internal hiring in the form of promotion before external hiring. Both parties were sympathetic towards hiring younger persons as those who have still to “earn their living”.

The recruitment chances for older workers have improved between 2005 and 2006 due to decreased unemployment and the shortage of qualified blue-collar workers after the closure of secondary vocational schools. Also the opportunity to find work in EU countries has created vacancies to be filled by older workers who are less willing to migrate.

4.3.4. Further Vocational Training

As we have seen above, up-to-date qualifications matching the current job profiles are of crucial importance for finding a new job and remaining in employment. An elaborate
system of further vocational training, equal access given to workers of all ages and professions, and tailoring training pace and content to the needs of (older) workers are the distinguishing features of ‘good practice’ in age management. It is also important to provide training continuously (instead of *ad hoc* and according to demand of workers’ request) and not to restrict it solely to demands of the concrete workplace (Frerichs 2007: 69).

Of the 17 Polish firms in my sample, only four include settlements on training policy as part of the general Company Agreement (rather than as a distinct collective agreement on training issues with more elaborate regulations, as is the case in Germany) and other two as part of an outplacement agreement or a social plan. The regulations were of general nature (e.g. the instalment of appraisal interviews or the setting up of a qualification plan for all workers) and did not include issues related to the age of the workforce.

I collected little data on whether the access to qualification measures was equal for all workers. Only in four firms did I learn that both older and younger workers equally profited from further training. Restrained access to further training was given to older workers in five other firms; the restrictions were justified by firm experts on grounds of too high costs given the shorter depreciation period, perceived low learning motivation of older workers, or too high average age of the workforce and its already high level of know-how. In a chemical company, workers have to sign a declaration that they will stay on the job for at least three years after the training. In the other firms, the two interviewed parties either made contradictory assessments of the state of further training in the firm, or equal access was given in theory but factual assessment was not possible due to the shortage of workers above the age of 54.

A typical situation when further training becomes pertinent is the entry of a foreign investor or owner. Often, a mismatch between the qualification of older incumbent workers and the demands of the workplaces becomes visible. Two possible choices of firm action are conceivable as a solution:

1) The firm externalises older workers and recruits young, adequately educated younger persons instead;

2) The firm provides re-training to those older workers and retains them – and thus, solves the problem in an ‘internalising’ way.

An example of the first type of action – and thus, a ‘bad practice’ example – is a chemicals company and a transportation equipment company. In *Firm PL-13*, further
training is provided for persons „towards whom the firm has long-term plans“, mostly for management trainees. Career development is provided only for new recruits with knowledge of foreign languages. The reasons are high costs of further training and the wish to secure a long pay-back period of respective investments. Due to this, the firm seldom includes older workers in qualification measures. However, the shop steward partly blames it on the lower willingness of older workers to learn new things. He also criticised the focusing of training on persons with already broad knowledge, instead of qualifying machine operators with only basic educational level, as – in his opinion – all workers should speak English.

The internalisation strategy – workers without needed qualifications are trained and retained in the firm – is followed by five firms; two of them (Firm PL-9, Firm PL-10, Firm PL-14 and Firm PL-16) can be labelled ‘good practice’ (see Box 7 for one example).

**Box 7: Good practice in further training in Firm PL-9**

In the utility company Firm PL-9, the shop steward of the largest trade union committee (TU-1) reported that older workers in the firm are not only trained on equal terms as younger workers, but even forced to participate in training. In my view, this denoted a positive aspect, but the shop steward also criticised the trend towards broad specialisation and performing multiple tasks, as it bore a risk of occupational accidents. He gave an example: Instead of supervising 2,000 valves, he is able to learn only the servicing of 1,300 ones, and therefore fails to follow instructions in every detail. This may become dramatic in case of a breakdown, as then, one cannot arduously search for the needed valves, but has to „react automatically, like a monkey“. A too slow reaction bears risks to health and financial consequences for the firm. 

TU-1 regarded the intensity of training as far below the target set in the social plan which guarantees 10 vocational training days per person. However, in practice, also the participation in conferences or in training provided by trade unions is counted as ‘vocational training’, which artificially raises the number of training days.

The interviewees found many drawbacks with the current system of further training. The personnel manager planned to conduct a requirements planning and to draw a map of existing and of needed qualifications in the firms, in order to identify experts and qualification gaps. TU-1 criticised deficiencies in initial training and in know-how transfer when compared to the situation before the economic transition.

Trade unions are not much involved in the provision of further training, but there are some exceptions – shop stewards control the achievement of training benchmarks as codified in the Collective Agreement and in an Agreement on Employment Guarantees, or provide their own training to workers in trade union premises. Trade unionists also criticise deficiencies in further training, especially with regard to blue-collar workers, temp workers
or women working at the assembly line. The lines of conflict centred on the issue of cost containment (on the side of managers), respectively on indispensable investments in order to keep workers on the job (on the side of trade unionists).

In several firms, trade unionists and managers jointly asserted that the status of in-service-training had been better under communism. Firstly, current cohorts of older workers had profited from generous subsidies and paid leave for extramural (also college) education, or of initial education provided in vocational schools formerly run under the firms’ own auspices. Secondly, also investments on intramural education had been higher, although the focus had been more on (obsolescent) hard skills. After the transition to market economy, firms were forced to cut subsidies to educational activities undertaken by workers (comp. also Morecka 2003: 300). Especially in the utility Firm PL-9, trade unionists push for a restitution of the former status of in-service training.

Several manufacturing firms with foreign investment stressed the role of know-how for the success of the firm on the market and for the individual success of workers within the firm. Due to the long period of schooling and know-how transfer and the high costs incurred, experienced older workers are retained or re-hired for commissioned work (Firm PL-9, Firm PL-12, Firm PL-13, Firm PL-17; all of those are foreign ownership firms). Thus, the expert know-how of older workers serves as a guarantee that they might continue working until (or even past) retirement. The downside to it is that some older workers fear redundancy once they have conveyed their knowledge onto successors, as was reported by shop stewards in several firms. (Similar opinions were issued in the studied German firms.)

Foreign ownership is a factor which might improve the position of older workers also in another respect. Those firms promote the acquisition of multiple competences and the ability to hold varying positions as the opposite of the narrow specialisation and the unwillingness to learn new tasks criticised in older workers. That approach constitutes an opportunity to prevent the „specialisation trap“ (Wolff 2000) and to improve the workability of older workers. However, as much as foreign ownership has an impact on the standing of qualifications and further training in the firm (comp. also Pocztowski et al. 2001: 17-18, 20), it does not necessarily imply equal access to training to workers of all ages.

Another chance to integration of older workers stems from EU accession, as EU funds (e.g. Phare) may be utilised for further training.
Neither hypothesis 2A nor hypothesis 2B can be supported with regard to the training policy of the 17 Polish firms, as no uniform pattern has emerged – some firms pursue a differential training policy and exclude workers from it on grounds of age (but also on grounds of the job profile), and some apply an equal training policy for all workers.

As further training policy bears in Poland no signs of ‘age management’ (e.g., there are no special training courses for older workers), hypothesis 3 (see section 2.2.) cannot be assessed. If solely the equal access of older workers to further vocational training is considered, then a test of the hypothesis is not possible with regard to the independent variable ‘age of the workforce’ because of too little variation and incomplete information on the dependent variable. (There are only three ‘old’ firms – see Table 22 in section 4.3.6., and for two of them, I lack information on the rules of access to further training). With regard to the economic position of the firm, there are mixed results, therefore hypothesis 3 is not supported.

It can be concluded that in distinction to recruitment policy in Polish firms, there is heterogeneity in training policy towards older workers. The economic position of the firm does not play a role for the inclusion of older workers in in-service training. However, the general goal of cost containment inhibits training investments. Therefore, most firms neglect long-term investment in the qualificatory potential of workers, with the exception of ‘high potentials’; career development is also restricted (if there is any) to this group. There were also a few cases of ageism with regard to access criteria to further training – in distinction to Germany, where the denial of further training to older workers was usually accounted for by their (whether perceived or actual) low learning motivation.

Blue-collar workers are, regarding to relations of some trade unionists, the most disadvantaged group with regard to the provision of further training. In general, shop stewards were more critical than managers of deficiencies in the field of further training. Several trade unionists and also managers reported that the status of further training had been higher under communism, inter al. due to the absence of profitability orientation.

Foreign ownership companies invest more in further training, although that does not automatically entail higher participation rates of older workers. Those firms also value “versatility” of employees in the form of multiple competences, as well as know-how transfer. That strengthens the position of older workers – there are firms which strive to retain experienced older workers or re-hire them on short-term contracts.
4.3.5. Health Management and Working Conditions

In distinction to Germany, Polish enterprises always played a role in the provision of health care for workers. Before the pension reform of 1999, social insurance contributions were paid only by them. Comprehensive health checks were to be conducted upon recruitment and in regular intervals; that obligation was re-confirmed with a law of 1996 and is pursued until today, also in the firms in my sample. The *Guide to Good Practice in Age Management* (Naegele/Walker 2006: 17) recognises regular health checks as a positive measure in order to prevent work-induced illness or disability.

However, the standard of occupational safety was very low and characterised by low effectiveness of enforcement mechanisms, weak safety culture among the workforce and employers and lack of self-responsibility for one’s own health, and under-investment in occupational protection (Brown et al. 2001). That has improved in the course of EU accession.

Nowadays, Poland is among European leaders with regard to incentives to improve working conditions, as the contribution to accident insurance depends on the accident rate in the given company (ibid: 255). That constitutes in my view an opportunity for prolongation of working life, and has already been reflected in singular cases in firm behaviour – the gradation of the accident insurance premium by degree of risks to health has motivated *Firm PL-4* to improve working conditions and occupational safety. European Council directives do not oblige employers to establish an internal health care unit. However, in practice many Polish firms do this, as my firm case studies will show. That way, the institutional legacies of the Polish system of labour law are reinforced by external institutional regulations to the benefit of prolonged working lives.

Only four of the studied Polish firms included regulations on occupational safety or workplace health promotion in the general Company Agreement. On overall, health management has in Poland a much lower standing than in Germany, and is in most cases reduced to the provision of basic or extended health check-ups and health care.

The main goal of health management in the Polish firms in my sample is the prevention of illness and of occupational accidents. Most companies have either a company physician and nurses, own a health centre or pay for the utilisation of an external health centre by their workers. Comprehensive health care, although not explicitly focused on older workers, nevertheless benefits them most due to health risks rising with age. Most firms also employ
an occupational safety inspector. Besides of those services, several other health management measures are provided, like free “regeneration meals” and hot beverages for workers working in health-harming conditions, cures in a health resort, or free additional health and accident insurance.

The focus in Polish firms is on the provision of health care and on the prevention of accidents. Secondly, behavioural and relational prevention does not play a role yet (with the exception of two firms), quite in contrast to German firms. Thus, it can be ascertained that as sustainable health management is not taking place, which poses a barrier for the preservation of workability on the job. Moreover, a focus on older workers was mentioned only in Firm PL-8 – there, additional health checks-ups for persons with completed 45th year are conducted (early diagnosis and prevention of diabetes, prostate cancer a.o.), but possibly that was offered also in other firms without being mentioned outright in the interview.

Most interviewees deemed the workplace of blue-collar workers (and, in the case of Firm PL-1, of postmen) as unsuitable for work until standard retirement age. What was interesting, working conditions were deemed unsuitable for men till the age of 65, and for women till 60, which matched the legislated retirement age. The interviewees brought forward the argument of the double burden of women at home and in work, which was exemplarily expressed by the shop steward in a transportation equipment company:

“\text{In my opinion, that [\text{equalisation of retirement age}] should also not take place! Women have much, much more obligations beside work than men. Because, in our country there still is the patriarchal model, so to say. A man, when he comes home, usually cares then for his own matters, or picks up the newspaper, switches on the TV... That model still functions, after all. And the woman, she has the home on top of all.}” (Firm PL-17_TU)

The working conditions are reflected in institutional regulations which distinguish between ‘work under special conditions’ or ‘of special character’ and regular workplaces (see section 3.3.1.). A certain amount of workplaces in manufacturing firms in my sample matches those criteria, e.g. laboratory assistants who have contact with chemicals.

Working conditions in Polish firms have gained considerably from privatisation and EU accession – technological change, higher personal and production hygiene, regular workplace inspections, better protective gear, extension of sanitary facilities, environmental protection, and increase of health awareness of the workforce. In some cases, working conditions have improved due to the outsourcing of especially harmful workplaces (e.g. galvanisation). Singular other improvements were the change of flooring so that fluids are
no longer lingering (Firm PL-2), change from coal heating to gas and oil (Firm PL-8), raising of the roof so that fumes can escape (Firm PL-3). The constantly improving occupational safety, which started from a very low level after the transition, and the improving working conditions create a clear opportunity for the prolongation of working life both in terms of actual risk exposure and in terms of institutional incentives – the ‘upgrading’ of certain positions in terms of occupational safety has excluded their holders from the entitlement to early old-age pensions, as the workplaces are no longer defined as ‘special’.

A downside to the transition process were savings on the firms’ own health centres and health resorts (also observed at aggregated level by Morecka 2003: 300). Moreover, several shop stewards reported that work intensity has risen due to change to a performance-related pay or more stringent performance criteria. Computerisation has crowded out many harmful blue-collar positions and work consists now mostly of supervising machines which requires alertness.

A typical example of that double-sided development is Firm PL-9. Before the transition, machine operators worked regularly 260-400 hours per month due to continuous shift work and low observation of laws. Currently, the interviewed trade unionist reported regular working hours but nevertheless regards shift work as much more stressing, as there are less workers per one machine (before, there was time for sleep during the shift), broad specialisation bears a risk of occupational accidents, and the performance requirements have risen. Therefore, psychical health impairments are on the increase in the firm.

Another negative effect of the transition and privatisation was the decrease of sheltered workplaces in the studied Polish facilities. That process could be observed also in German firms (see section 4.2.5.) but was more pronounced in Poland as overstaffed business units had to be shed. Although sheltered workplaces are not recommended by labour medicine due to their de-qualifying character (Dworschak 2006: 212), they nevertheless constitute in my opinion an opportunity for the prolongation of working life for incapacitated workers who have not yet reached retirement age.

The negative effects of the shedding of sheltered workplaces could be observed in a transportation equipment company. According to the shop steward, no worker reaches retirement age nowadays. Before, the firm employed 8,000 persons and an alternative workplace could always be found in case of work incapacity or closure of the workstation.

In distinction to Germany, there were more firms in the Polish sample in which internalisation strategies towards workers with decreased workability coexisted with externalisation strategies. Moreover, quite often substitution strategies were used.
The *internalisation* strategy – job retention of persons with decreased workability – consisted of job switching to easier (but still value-adding and not sheltered) workplaces, or the provision of sheltered workplaces created with the explicit aim of keeping pregnant women, handicapped workers and other workers with impaired health on the job. Examples of job switching are assigning another region to postmen which can be easier serviced (e.g. better reached by public transportation), moving impaired workers from manual work to automatised work, or workers who have lost the medical qualification for construction work at high level to work at low level. Another form of job switching, pursued less often, was the replacement of older workers in burdening positions with younger ones, and vice versa. Such a measure may temporarily have a positive effect insofar as it raises task diversification. However, it entails the risk that burdens solidify and young workers suffer from early wear and tear (Gerlmaier 2007. 122-3). Positive examples have a preventive rather than palliative character – e.g. in the form of job rotation as is pursued in *Firm PL-16* (every eight hours at noisy workplaces) or in *Firm PL-12* (every three months). Prevention, another internalising measure, was applied very seldom and was restricted to the provision of protective gear, soundproof covers for machines, or soundproof cabins for regeneration.

However, even in firms which practiced internalisation strategies in the field of health and integration management, shop stewards reported problems with executing improvements to working conditions and preventive measures due to pressure on cost-cutting. E.g., in one firm the transparency of accounts on health impairments which necessitate regular job switching and job rotation is seen by the CEO as a risk as the US American investor could „move the manufacturing to China“ (*Firm PL_12_TU*).

The *externalisation* strategy was pursued with the help of dismissals, pre-retirement benefits or disability pensions in the majority of firms, either as main measure of „integration management´ or next to other measures. E.g. in *Firm PL-13*, the low chances of older workers to reach standard retirement age on the job stem from unsuitable working conditions (that opinion was shared by one personnel manager and the interviewed shop steward) and from releasing older workers as the basic strategy of dealing with the problem of impaired health. The low standard of occupational health in the firm paradoxically secures the retention of some incapacitated older workers – the shop steward fears that if there were more health check-ups, then more people would lose their jobs as they would not fulfil the requirements of the job profile. In *Firm PL-17*, all persons with work impairments are offered a cancellation agreement and a severance payment amounting to twelve monthly wages (in case of persons entitled to a disability pensions – eight monthly wages).
Substitution strategies – the third type of reactions to diminished workability of older workers – partly compensate for burdening work, but do not prevent early loss of workability. Such strategies, in the form of wage accruals or early holidays, are far more popular in Poland than in Germany (comp. also Brown et al. 2001: 253). I regard that as a barrier to prolongation of working life, as wage accruals may keep employers from improving working conditions and may bind workers to their workplaces and lower their motivation to switch to an easier, albeit less paid job. (Such a phenomenon occurred also in the German Firm DE-3; see Box 1 in section 4.2.2.).

Examples of ‘good practice’ in this policy field are Firm PL-4 and Firm PL-8 (see Box 8 for the latter example).

Box 8: Good practice in health and integration management in Firm PL-8

The communal utility offers opportunities for older impaired workers to continue working. Respective measures on health and integration management are codified in the Collective Agreement. The firm provides early diagnosis and vaccinations and additional examinations for workers past their 40th year in order to prevent diabetes, malignant neoplasm a.o. If workers with a long tenure in the company suffer from health impairments, they are deployed at easier workplaces or in a subsidiary. As prevention, younger workers perform more strenuous tasks (digging holes, carrying heavy weights).

The findings in this section show that firms are to a low extent involved in the further development of occupational safety and workplace health promotion into a holistic health management strategy. Also trade unions to a low extent involved in that issue. Brown et al. (2001: 255-6) explains that with the reliance of Polish firms on the government in that domain, and with the concentration of trade unions on issues of employment security, remuneration and social benefits.

On the basis of those findings, hypotheses 2A is not supported and hypothesis 2B is supported, as the firms do not consider age in respective policies and externalisation strategies are uniform towards all employees with incapacity to work (in most cases, utilisation of disability pension). Hypothesis 3 is not supported with regard to the economic position of the firm – among firms which apply an externalisation strategy in case of impaired workers, there are both such with a stable employment situation and with personnel reductions, both such with a positive development of the economic branch under the period of investigation and with a negative development. Hypothesis 3 is also not
supported with regard to the age of the workforce – among the nine firms which run the externalisation strategy towards impaired workers, there are two firms with an old workforce (but another ‘old’ firm does not utilise that strategy), several firms with an average age of the workforce, but also one firm with a young workforce.

The institutional legacies of the Polish system of labour law prescribing a high involvement of firms in the provision of health care are complemented to the benefit of older and impaired workers with EU regulations in the realm of occupational safety. Still, health management has a much lower standing than in Germany when understood as a holistic concept which aims to preserve work capacity of workers through the influence of working conditions, the whole work environment, the technical standards and workers’ self-responsibility for their health. Health management in Polish companies is often reduced to the provision of regular health check-ups and health care – however, in that respect, it has reached a high standard. Policy measures in the field of health management in the studied firms have no outright focus on older workers or on the ageing workforce; however, older workers may benefit to a higher extent from the regular health screening.

Most interviewees regarded women as less able to work at regular workplaces until the retirement age of 65. That proved the impact of the statutory regulation of a gender-differentiated retirement age upon the assessment of workers’ aptitude (and indirectly on company practice towards workers). Also the institution of a lower retirement age for workers of certain occupations had an effect upon the assessment of respective working conditions; usually, shop steward deemed workplaces (especially those of blue-collar workers) less suitable for work until standard retirement age. While managers pointed to the positive influence of technological change (reduction of physical risks to health), shop stewards focused on psychical risk exposure (risen work intensity, higher performance criteria, stress).

Firms applied different strategies or a mixture of strategies when dealing with incapacitated workers. Externalisation strategies and substitution strategies were pursued more often than internalisation strategies.
4.3.6. Termination of the Work Contract\textsuperscript{54}

A side effect of the transition from plan to market was the shedding of excess employment and outsourcing of expensive social facilities like hostels, kindergartens and resorts (Morecka 2003: 300). That happened also in the firms in my sample. Correspondingly, the interviews in Polish firms generated a lot of material on the personnel policy at the end of the work life. During the period of interviews, seven firms were cutting staff levels, and six others had done that shortly before. Mass lay-offs (which occur, according to Polish law, when within a month, at least 10\% of workers in a firm with less than 300 workers are released, or at least 30 workers in a larger firm; Patulski et al. 2004: 62) have occurred in the recent history of nine firms. That entailed twofold consequences which are of interest for the topic of my study. Firstly, the age structure of the firms was `compressed’ to middle-aged groups, as older workers were preferably released, and a hiring freeze blocked the inflow of young workers. Secondly, workers who had made the experience of personnel reductions in often dramatic circumstances (interviewees spoke of a „terrible massacre of the innocents” and of suicides as a result of dismissals) were afterwards more prone to make use of available early exit options for fear of next dismissals and ensuing unemployment. I will elaborate on that phenomenon in the next section dealing with workers’ exit preferences.

Before turning to personnel reductions, I will describe the general mode of terminating the work contract of older workers.

In distinction to Germany, work contracts or collective agreements do not include the formulation that the employment relationship is cancelled upon reaching standard retirement age. In fact, several firms allowed to continue work past retirement age, while in a few others, workers who did not voluntarily retire upon reaching their 60th (women), respectively 65th year (men) were encouraged to do so. However, most employers encourage their older workers to leave the establishment in pre-retirement age. Often, that occurs in accordance with the workers themselves and is even initiated by them (see section 4.3.7.), but in other cases, it amounts to active pushing out by the employer.

Older workers are protected by law four year prior to retirement age. I noticed that it is open to interpretation whether the earliest or the standard retirement age is regarded. Three

\textsuperscript{54} This chapter partly draws on Aleksandrowicz 2006. Several changes were made due to the meanwhile conducted interviews with shop stewards which have shed more light on the procedure of personnel reductions and clarified some things.
firms have an even longer protection period for older workers ranging from five till 15 years. The motive behind those collective regulations is to shield older workers from the adverse situation on the labour market.

Several patterns of personnel reductions existed in the analysed firms. The one most frequent took the form of „natural” and „harmless” downsizing of workers entitled to pre-retirement benefits, disability pensions and (early) old-age pensions in the first place, and to dismissals/mass lay-offs of other workers in the second place. Several firms used „natural turnover” for downsizing and encouraged workers to leave on early retirement pensions and pre-retirement benefits. The next measure in terms of frequency was mass lay-off and individual dismissals for operational reasons directed at workers of all ages. Two privatised firms with strong employment guarantees took resort to voluntary early exit programmes due to employment guarantees directed at workers of all ages, but with stronger focusing of singular early exit programmes on workers with entitlements to social security benefits. Last, a few firms made seasonal adjustments in slack periods during which workers were selected based on criteria other than age (temporary employment, qualification level).

Severance payments in Polish firms are much lower than in Germany and therefore do not constitute a separate early exit pathway. The largest severance payment amounted to 15 monthly wages plus jubilee awards, up to ca. 100,000 zł. German firms can to a larger degree afford “instrument substitution” (Casey 1989).

As can be seen, adaptation strategies dominate in which older workers are used as a flexibility resource. That supports hypothesis 2A (see section 2.2.).

I will describe a typical example of early exit employed in order to facilitate personnel reductions.

In a chemicals company, mass lay-offs were conducted at the end of the 1990s. The year 1997 witnessed an exit of 120-170 older workers (as to the exact number, the accounts of the various interviewees differed) besides of other workers dismissed in a regular way. The same situation occurred at the end of the year 2003. The exit of older workers was labelled by HRM-2 and by TU „the lesser evil”. Workers with entitlement to the early retirement pension for economic reasons (in 1997/1998), respectively for pre-retirement benefits (in 2003/2004) were dismissed, as those benefits require a cancellation of the employment contract. The workers made their living from severance payments amounting to up to 12 monthly wages until they qualified for early old-age pension, sometimes bridged
with the receipt of the unemployment benefit. The rationale for the use of pre-retirement benefits as an instrument of labour shedding in 2003/2004 was, both for the firm and the workers, the approaching worse conditions for the receipt of those benefits. The trade unions had signed an agreement with the employer to allow the workers to make use of the expiring option:

“Although de facto, I say, those people could have easily worked longer, that was choosing the lesser evil. That means, the law [on pre-retirement benefits] helped the people to make a quick decision, because if they would be released today, they would not be entitled to that any more. Therefore... I do not call that mass lay-offs. That was a choice of the lesser evil.” (Firm PL-13_TU)

That example shows the collusion of interests of employees, the employer and trade unions on the issue of early retirement, and the impact of institutional incentives. The workers in that and other Polish firms agreed to exit early, but their decision was not completely voluntary. They knew about the unstable employment prospects in the firm and exited early for fear of unemployment should the legislator decide to discontinue pre-retirement benefits altogether. This points to an adaptive, endogenous shaping of exit preferences (Elster 1983: 110ff).

In sum, it can be said that the situation of constant downsizing is typical of Poland as a country with a transforming economy (Mroczkowski et al. 2005). Older workers are treated as a flexibility resource during personnel reductions or ‘natural turnover’, although several firms which understand themselves as “social” attach importance to the protection of older workers and of those incapable of work from unemployment and low pension levels, and are willing to retain older workers who have decided not to utilise pre-retirement benefits. Natural turnover is also used as a means of seasonal personnel adjustments if there is no need for large-scale downsizing.

Older workers in Poland are less protected from dismissal than in Germany, as dismissal protection is rarely codified in collective agreements (in my sample, there were three such cases). The 4-year protection period is circumvented by Polish firms by releasing older workers earlier, or by signing a cancellation agreement which is not always voluntary. The employer has more power in deciding on the conditions of early exit, the trade unions have reduced leeway (with the exception of industries ‘with high importance for the national economy’, like energy industry, the railways, heavy industry), which is typical of privatised enterprises (Siewierski 1993: 146). That makes the prolongation of working life seem less likely in Poland than in Germany. However, an opportunity for prolongation of working life is the absence of the formulation in work contracts that employment ends upon reaching
standard retirement age, the options to continue work past that age in some firms, and the frequent practice of employing pensioners.

As can be seen in Table 22, hypothesis 3 is supported with regard to the economic situation of the firm. Of the firms which did not grant the workers the initiative on early exit, all were reducing personnel or had done it shortly before the interview phase. Hypothesis 3 is however not supported with regard to the age of the workforce. Among the firms which take the initiative to externalise older workers, there are both such with an ‘old’, ‘average’ and ‘young’ age structure.

Table 22: Testing of hypothesis 3

<table>
<thead>
<tr>
<th>Firm</th>
<th>staff cuts in 2005 or 2006?</th>
<th>branch development between 2004-2006</th>
<th>old’ or ‘young’</th>
<th>EE as decision of the worker***</th>
</tr>
</thead>
<tbody>
<tr>
<td>PL-1</td>
<td>No</td>
<td>negative</td>
<td>young</td>
<td>Yes</td>
</tr>
<tr>
<td>PL-2</td>
<td>Yes</td>
<td>slightly negative*</td>
<td>average</td>
<td>HRM: no, but free choice TU: no</td>
</tr>
<tr>
<td>PL-3</td>
<td>No</td>
<td>slightly negative*</td>
<td>young</td>
<td>(no early exits yet)</td>
</tr>
<tr>
<td>PL-4</td>
<td>No</td>
<td>positive</td>
<td>young</td>
<td>No</td>
</tr>
<tr>
<td>PL-5</td>
<td>No</td>
<td>positive/negative</td>
<td>average</td>
<td>Probably yes</td>
</tr>
<tr>
<td>PL-6</td>
<td>Yes</td>
<td>positive</td>
<td>average</td>
<td>Yes, mostly</td>
</tr>
<tr>
<td>PL-7</td>
<td>Yes</td>
<td>positive</td>
<td>old</td>
<td>2005: rather not 2006: yes</td>
</tr>
<tr>
<td>PL-8</td>
<td>Yes</td>
<td>negative</td>
<td>old</td>
<td>Yes</td>
</tr>
<tr>
<td>PL-9</td>
<td>Yes</td>
<td>negative</td>
<td>average</td>
<td>No, but free choice</td>
</tr>
<tr>
<td>PL-10</td>
<td>No</td>
<td>positive</td>
<td>average</td>
<td>Probably yes</td>
</tr>
<tr>
<td>PL-11</td>
<td>No</td>
<td>positive</td>
<td>old</td>
<td>No, but some decision latitude</td>
</tr>
<tr>
<td>PL-12</td>
<td>No</td>
<td>positive</td>
<td>young</td>
<td>HRM: no TU: yes</td>
</tr>
<tr>
<td>PL-13</td>
<td>No</td>
<td>positive</td>
<td>n.s.</td>
<td>Probably yes</td>
</tr>
<tr>
<td>PL-14</td>
<td>Yes</td>
<td>slightly positive*</td>
<td>average</td>
<td>Yes</td>
</tr>
<tr>
<td>PL-15</td>
<td>No</td>
<td>slightly negative*</td>
<td>average</td>
<td>Probably yes</td>
</tr>
<tr>
<td>PL-16</td>
<td>Yes</td>
<td>negative</td>
<td>average</td>
<td>2004: Yes (HRM) 2006: No</td>
</tr>
<tr>
<td>PL-17</td>
<td>Yes</td>
<td>negative</td>
<td>average</td>
<td>2004: Yes (HRM) 2006: No</td>
</tr>
</tbody>
</table>

Source: Same as in Table 20. The cells with grey background mark cases with personnel reductions shortly before the period of investigation.

* = less than -1% employment decline, resp. below +1% employment growth 2004-2006

** = share of ‘50pluses’ among the workforce in 2005/2006 was more than 125% higher/lower as in enterprises with 250 and more workers in Poland (Ipsos 2007).

*** = older workers are not pushed out and take the initiative to apply for an early retirement pension or pre-retirement benefits on their own.

staff cuts = large-scale personnel reductions of at least 30 persons.

The label of ‘good practice’ with regard to the procedures of contract termination and retirement transitions can be assigned in my view to Firm PL-1, Firm PL-5 and Firm PL-14 (see Box 9 for the latter case). All three employers allow to continue work until or even past
standard retirement age, do not push out older workers even in case of reductions (which occurred in two of those firms) and cede the decision whether to exit early onto the older workers themselves. However, in Firm PL-5 and Firm PL-14 I had no opportunity to control the validity of the manager’s account as the contacted shop steward refused an interview.

**Box 9: Good practice in employee exit policy in Firm PL-14**

*Firm PL-14* does not support work past retirement age, but workers are able to reach retirement age despite personnel reductions, if they so wish. Since the acquisition by the foreign owner in 1996, the employment levels have remained stable. The new owner did not shed incumbent older workers. Many of them (about 60 persons) decided to exit early at their own wish, but no pushing out was taking place. Older workers exited via cancellation agreements on the standard retirement pension or on pre-retirement benefits. They could choose whether to change positions after reduction of singular positions, or to retire.

To sum up: the general institutional and organisational regulations on retirement transitions are supportive towards the prolongation of working life (dismissal protection four years prior to retirement, no automatic termination of the employment contract upon reaching standard retirement age). However, the employer has more power in deciding on the conditions of early exit, while trade unions have reduced leeway, especially in private enterprises. The entitlement of older workers to old-age pension or pre-retirement benefit makes them most likely to be chosen as first group for ‘socially acceptable’ labour shedding.

There is a far-reaching collusion of interests between trade unions, employees and employers on the issue of early exit. In firms which have conducted no large-scale labour shedding so far, it is usually the older workers themselves who take the initiative for early exit, while it is the other way round in firms which are downsizing or have done so in the recent past.

**4.3.7. Perceived Exit Preferences of Older Workers**

In this chapter, I will elaborate on the preferences of Polish workers regarding the timing and mode of exit. I will rely here on accounts of firm experts (managers and shop stewards), as I did not interrogate the workers concerned. However, some of the interviewees were already near pensionable age and reported also on their individual retirement preferences.
A striking feature in most firms is that women are orientated towards exit at 55 via the early old-age pension for women, while men exit at the regular retirement age of 65 – i.e. a whole of ten years later. That makes retirement a gender issue in the Polish case. Interviewees explained the orientation of women towards the earliest possible exit with the double burden of women at home and in work.

Another interesting observation on the gender issue was the belief in traditional pastime orientations of men and women:

“Men in total prefer work to being at home, and probably that is (...) generally linked to that that women prefer (...) home more, (...) and the man always runs away from home.” (Firm PL-16_HRM)

In firms where personnel reductions were taking place, I observed an intermingling of push and pull factors of the early exit decision. Workers who meet the requirements for a pre-retirement benefit or the early old-age pension for women or for persons working in ‘special’ conditions are more willing to make use of that option in times of personnel reductions than in times of stable employment. Their decision is further sparked by the contradictory movements of the legislator and the ambiguity as to the further development of the pension system. Especially before the lowering of pre-retirement benefits in mid-2004, there was a run on early exit. The same phenomenon can be observed with regard to the expiring early old-age pension as retirees-to-be are uncertain whether bridging pensions will be legislated in their place. The workers want to make use of the still available early exit options even if they would prefer at the very moment to continue work, but they fear unemployment should they be released at a later time.

The interviewees reported that before transformation, most older workers exited at standard retirement age or on disability pensions (with the exception of workers working in especially burdening conditions and women exiting in most cases at 55) despite the existence of early retirement, as the employment situation in the firm was stable and there were better job prospects on the external labour market.

The decision to retire is further sparked by financial incentives given by the employer, e.g. more quicker promoting workers in pre-retirement age and granting them wage increases in order to raise their future pension level, or giving workers who decide to exit before standard retirement age a higher severance payment or financial compensation for the difference between the pre-retirement benefit and former wages. In Firm PL-8, the personnel manager expressed the financial incentives as follows: "At our firm, it pays out to
retire, because we have very large severance payments, and we also have jubilee awards paid out every five years.” In total, those sums can reach the amount of yearly wages.

Another form of push factors is the agitation by the employer or by trade unions. Workers in a dairy company, in a chemicals company, and in two energy suppliers are actively informed about the available options and even convinced to make use of early exit.

In times of downsizing, some firms choose less subtle methods and older workers are actively pushed out. That occurred in eight firms. In some cases, that was sparked by the concern for the material security of workers:

“We have (...) been convincing them to leave. Because we knew that there can be a situation when we do not have work for them, and they will leave on worse conditions.” (Firm PL-7_HRM)

In other cases, older workers were convinced to go in order to secure workplaces for persons without entitlements to social security benefits:

Older workers in many cases decided to leave on their own out of sympathy for younger colleagues or their own children, whose workplaces could that way either be secured or created. In some firms, workers selected for dismissals were personally informed about the situation and given a choice between signing a cancellation agreement and receiving a higher severance payment as reward, or being dismissed with a lower compensation.

There is also a crowding-out of incumbent workers by their younger successors. E.g., the construction company wanted to clear vacancies for graduates of vocational schools at the time of the first interview, and in a privatised utility, younger persons selected for managerial positions had crowded out older workers who were then degraded and encouraged to leave the firm.

In general, those factors reflect retirement motives recorded at aggregate level (Zgierska 2007: 5; MPiPS 2008: 50) and resemble the early exit motives presented in the section on German case studies (4.2.7.) which demonstrates that structural factors – high unemployment level and the process of downsizing in firms – play a role for making (or enforcing) retirement decisions. A large difference to Germany is however the gender-specific 5- till 10-year gap in exit ages of women and men, and alternative income sources for Polish pensioners in the form of shadow economy and opening up one’s own business or working at one’s farm. Also the low life expectancy of Poles and the wish to enjoy last years of life is seen by some interviewees as a motive of early withdrawal from work. A specifically Polish push factor is being worn out by “revolutionary” changes in the country and in the firm which contributes to low job satisfaction, a feeling of lagging behind, and a general tiredness of work (named by 5 interviewees).
A polarisation in exit preferences became visible depending on working conditions (persons working in ‘special’, burdening and health-harming conditions prefer early exit and more often suffer from health impairments which renders them incapable of work) and on the level of earnings. According to the experts’ opinion, persons with higher wages, often occupying managerial positions and showing a higher job satisfaction, prefer to continue work as long as possible, while low-earners want to exit early. The low difference between (low) wages after exemption of commuting costs to the (equally low) pre-retirement benefits moves workers to exit early, even more as the old-age pension in the old system rises only insignificantly with each additional year of work.

Interestingly enough, and in stark contrast to the German case, the decisions of Poles in pre-retirement age point rather to the life cycle theory (opting for early retirement in the absence of actuarially neutral deductions) and to the observation of the principle that benefits must be lower than wages rather than to the hypothesis of securing the standard of living (which assesses that retirees-to-be decide about the timing of retirement on grounds of minimising income losses and keeping their income position; Dinkel 1988). The results also demonstrate that older workers who want to escape work – be it for family, health or job-related reasons – are willing to reduce their financial claims. That corresponds with a low-developed interest of Poles in making precautions for their future pension level (Szumlicz 2007: 185).

Some interviewees observed that workers have lost the interest in exiting via pre-retirement benefits after worsened conditions in 2004. In a dairy company, that has complicated the process of personnel reductions, as workers do not any more take the initiative to exit early. That shows that workers factually adjust their exit choices to changed conditions, but their preferences are still orientated towards old privileges. Moreover, in times of downsizing, even those workers who do not want to exit on lower pre-retirement benefits are often forced to do so. Therefore, one should speak of negotiated or enforced retirement decisions rather than of preferences.

In the light of those findings, hypothesis 4 (see section 2.3.) is supported, but supplemented with the addition that structural variables (the position of the firm on the market, restructuring or downsizing needs) have determining power. Only the intermingling of structural and institutional factors brings about the specific pattern of early exit in Poland. Other factors which interact with institutional factors (and which had been one of the reasons for the introduction of early retirement in the 1980s) are located at the
organisational level (like working conditions) or related to gender issues. The latter is related to several factors. One is the availability of institutional vehicles for early exit. The second one is the low level of institutional support provided to young families (Pfau-Effinger et al. 2009: 200). The third one, interrelated with the other two, is the culturally traded norm about the division of household duties (resulting in the “double burden” of women) and the existence of the culturally accepted alternative role of grandmothers which facilitate the “dual breadwinner/extended family care” model (ibid: 195, 199; Titkow et al. 2004; Heinen/Wator 2006: 194).

To sum up: that early exit is a gender issue in Poland shows in the 10-year divide in the exit age women and men are orientated at.

A mixture of push and pull factors account for the specific pattern of early exit in Poland. The most important are the prevalence of labour shedding in a situation of recently privatised and quickly transforming economy, coupled with the uncertainty as to the future availability of institutional early exit pathways. Another typically Polish motive of early exit is feeling worn-out by the sweeping changes in the country.

It can be also observed that the is a polarisation in exit preferences depending on working conditions.

Pension reforms have an impact on older workers insofar as workers tend to use available options before expiry or worsening of conditions. In some other cases, the inconsistent and contradictory movements in old-age pension policy moved even those workers to exit early who would have otherwise wanted to continue work.

4.3.8. Impact of Legislative Changes

In this chapter, I will elaborate on the impact of legislative changes in the field of labour law, disability pensions and old-age pensions upon personnel policy towards older workers in Poland (for detailed information on those reforms, readers are referred to section 3.3.). More specifically, I will expound on the issue whether a development towards age management and creating options of continued employment is visible. At the end of this chapter, I will assess hypothesis 1 and hypothesis 6.

I will distinguish the type of reaction of Polish firms to institutional changes as ‘positive reaction’, ‘negative reaction’ and ‘no reaction’. The first one will entail firm action which may lead to the prolongation of working life – introduction of age management measures or
respective improvements in several HRM fields including hiring policy, the discontinuance of early exit pathways or making them less favourable for workers as a disincentive to early withdrawal. A ´negative reaction´ to institutional changes will mean a perpetuation or extension of an early retirement policy or “instrument substitution” (Casey 1989) when hitherto pursued procedures are no longer feasible. Finally, under ´no reaction´ such cases will be subsumed where the status quo is preserved and no change in firm agency is visible. I will proceed from one reform element to another.

Polish firms have not yet reacted positively to the expiry of early retirement pensions in ´special´ working conditions and early retirement pensions for women at the end of 2008. Maybe a reason for this was that the government has postponed legislation on bridging pensions by six years, and that bridging pensions shall replace early retirement pensions at least for some people working under health-harming conditions and retiring under the old pension system. I made out only one positive reaction – a firm introduced extended health care services and plans to focus on behavioural prevention in the future as a contribution to the prolongation of working life.

Several negative reactions to the law on early retirement pensions were visible – firms dismiss workers for operational reasons so that they can make use of pre-retirement benefits. That way, the blocked pathway via early retirement is compensated for by utilising another pathway. A personnel manager from a dairy company summarised that strategy as follows: “The pension system determines the means of terminating the work contract in a situation of forced downsizing.” Polish firms cannot afford to open up new early retirement pathways, but some of them set incentives for the use of still available options and offer an enlarged severance payment or bridging payments as a financial incentive amounting up to 12 monthly salaries. Other firms resorted to ´no reaction´.

The lowering of pre-retirement benefits and worsened conditions of their receipt have exerted a larger impact upon Polish companies. Reasons were personnel reductions (the entitlement to pre-retirement benefits is based on dismissals) and the greater pool of entitled workers. Also here, firms had used the opportunity to send workers on pre-retirement benefits before they were cut in mid-2004. The firms did it out of concern for the income level of their workers, but also due to the unwillingness of older workers to accept lowered benefits which could have thwarted the future downsizing plans of companies. Thus, many older workers were released in advance, and the legislation generated unintended
consequences (just as was the case in Germany every time the retirement age after ATZ had been raised).

A positive reaction to the law on pre-retirement benefits is the renunciation of their use after their level was lowered in 2004. That was the case in several firms due to refusal of workers to accept low benefits.

The equalisation of retirement ages was discussed several times but has never come into effect, therefore it has so far had no impact upon the firms. Most of my interviewees assessed it negatively, again arguing with the “double burden” of women. In the opinion of interviewees, also female workers would negatively react to such a change as they were geared towards retirement at 55.

More strict rules for the granting of disability pensions imposed in 1997 have so far had an effect only on workers. My interviewees reported that workers encountered problems with access to disability pensions despite work incapacity or were confronted with the subsequent withdrawal of entitlements. In cases when the worker had been deemed as incapable of work by the company physician, the firm could not re-employ him. An adaptation to that reform has not happened, as sheltered workplaces have decreased in number. As was the case in Germany, the employer does not feel responsible for such cases, and the exit on disability pensions is regarded as one among many exit pathways. In many firms, former workers who have recovered are again hired.

The anti-discrimination legislation was not only passed much earlier in Poland than in Germany in preparation for EU access but has also provoked more discussion at firm level, although not always to the benefit of older workers. Job ads in some of the Polish firms in my sample are formulated without the age criterion, although that has not raised the job prospects of older candidates in the opinion of experts. In contrast to Germany – where no firm has dropped the regulation that the work contract is cancelled upon reaching retirement age – the anti-discrimination legislation is seen as barrier to such practice in Poland. However, the legislation may invite evasive strategies, e.g. dismissing a worker for operational reasons due to the prohibition of dismissal on grounds of age. There is also uncertainty among employers about the proper interpretation of ‘equal opportunity’, e.g. whether shorter working hours for older, impaired workers are lawful.
That analysis evidently demonstrates that Polish firms have not yet realised the changes entailed by the expiry of early retirement pensions and the possible equalisation of retirement ages. Poland is a country with a “top down approach to the issue of an active ageing policy” (Rogut et al. 2007: 28), the state being the main player on that arena. Moreover, “[m]ost activities which encourage the employment of older workers result from the concrete needs of firms (business driven activities) and not from the effects of public initiatives (public policy driven activities)” (ibid).

Polish firms have no concepts on how to deal with excess labour force and aged workers in future. They are supported in that ‘no reaction’ pattern and incremental policy by the ambiguity in political decisions. Moreover, the employers have the power to dictate the conditions of employment, in contrast to the pre-transition situation, when employee representatives and trade unions had more power (Schroeder 2004). The 4-year protection period from dismissals is circumvented by firing older workers earlier, or by offering them a cancellation agreement. The prevention of work incapacity of older workers is not seen as the purview of the firms, and disability pensions are used as solution. In times of high unemployment and the presence of many young, well-educated candidates, the firms perceive no need to reorganise their personnel policy. The statement of the personnel manager of a vehicle manufacturer is exemplary in that respect who said that under such conditions, the investment of the employer in the recruitment and retention of older, experienced workers is not needed (Firm PL-14).

My impression is that firms will continue their policy of ‘no reaction’ until bridging pensions, which were legislated as a replacement for early retirement pensions for some birth cohorts in December 2008, will have also expired55, as around that date, the decrease of the working-age population will begin to show (MPiPS 2008: 34).

Another conclusion from this section is that positive and negative reactions to a certain reform element can coincide in one and the same firm.

The findings in this section support hypothesis 6 (see section 2.1.) – the personnel policy of Polish firms is not prepared for the prolongation of working life and will rather thwart such a development. Personnel policy of Polish firms is deficient in many respects

55 That would be 2023 for women and 2028 for men, as bridging pensions are granted to persons who remained in the old pension system (i.e. born before 1969) and fulfil the regular conditions for the former ‘old-age pensions for work under special conditions’ or ‘of special character’.
and lacks a long-term strategic orientation, let alone elements of an age management strategy.

Hypothesis 1 (see section 2.1.) is not supported here – institutional regulations have only limited effect upon the practice of Polish enterprises. At present, Polish firms react to institutional coercion but do not invent integrative measures (‘positive reaction’) as a result. However, the institutional coercion is not felt at the moment: firstly, the Constitutional Court has deemed some forms of ageist practice still lawful (Maniewska 2006); secondly, there is a time lag before certain reforms take full effect (termination of early retirement); and thirdly, firms can shift the responsibility for certain reforms to workers (more strict rules with regard to disability pensions). On overall, the demands to prolong working life were voiced by the legislator in Poland much more weakly than in Germany. Incentives to hire older workers have not yet been introduced by state actors, and qualification subsidies were announced only in 2008 (MPiPS 2008). My impression is that Polish employers, who react strongly to financial incentives, would be more prone to utilise such incentives than do German employers.

Therefore, the ‘no reaction’ pattern dominates in Polish firms. Polish firms rely to a greater extent on the legislator to develop pathways of early exit, and await the legislator’s decisions on the continuation of that trend. Due to the limited financial viability of Polish firms in times of restructuring, they cannot yet afford to open up their own early exit pathways like is the case in Germany. The ‘negative reaction’ pattern is so far limited to cushioning early exit by financial compensation maximally amounting to 12 monthly wages. However, in future, voluntary exit programmes introduced by several companies as a means of speeding up personnel reductions in times of employment guarantees could achieve the status of an “instrument substitution” (Casey 1989) given an adequately high compensation.

Another argument against hypothesis 1 rests on my model of decisions at firm level, (Fig. 1 in chapter 2.). A modified and simplified version of that model in view of results from Polish case studies is presented in Figure 13. That figure portrays the process of translating institutional innovations at establishment level.56

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56 The actor-centred institutionalism (Mayntz/Scharpf 1995) recognises that also actors at firm level (management and employee representatives) and social partners set agendas for action to be followed by the legislator. E.g., the legislator can make allowances to firms which are shedding labour due to economic reasons. This situation occurred in Poland during mass lay-offs of the 1990s when the legislator introduced
Firms take into account workers’ choices when designing early exit programmes. Legislative changes are filtered by the wishes of workers to stay or to leave the firm. The consent of workers (and of trade unions) to early exit facilitates the process of downsizing. I have shown firm cases where the employer responded to the wishes of workers to exit before an unfavourable change of law. Moreover, some firms where personnel reductions were underway responded in singular cases to the wishes of workers to continue work until standard retirement age. Also, if the legislative change induced a prolongation of working life (e.g. the lowering of pre-retirement benefits) but the workers still wished to exit early, the firms responded to those wishes. I did not perceive those interrelations as strongly in the German case – there, if legislative regulations (e.g. the early retirement scheme) were to expire, older workers would nevertheless not have to fear unemployment (possibly resulting in poverty) due to better statutory and collective dismissal protection. Therefore, if older workers insisted in Germany on participation in the ATZ programme, it was not a matter of such vital significance (‘to be or not to be’) as in the Polish case.

The arrow between the second and the third box points in two directions, as the workers’ preferences and decisions are likewise influenced by firms’ decisions (e.g. the decision to downsize personnel), as was demonstrated on cases in section 4.3.7.

4.3.9. Cooperation between the Management and Trade Unions at plant level

In this chapter, I will describe the mode of cooperation between the management and employee representatives on issues pertaining to older workers in Polish companies. I will concentrate on issues of recruitment, further training, health management and exit policies, early retirement ‘due to operational reasons’. That two-directional process is reflected in the dashed arrows in Fig. 3 (section 3.1.).
following the structure of past sections. I will close this section with an assessment of hypothesis 7.

Trade unions have lost ground in Polish enterprises in the course of transformation of the Polish economy and privatisation of state enterprises (see section 3.3.5.; Jarosz 1997: 65). Also the unionisation ratios have fallen, a.o. due to the connotation of the Solidarity trade union with unfavourable changes in the economy in the opinion of many Poles (Tuszyńska 2003: 147-8).

In my firm case studies, several shop stewards and also one personnel manager reported a decreased impact of trade unions after privatisation. New regulations in the Labour Code since 2005 have deprived shop-level trade unions of co-decision power in the case of mass lay-offs – they may still give an opinion on the workers selected for dismissal, but the employer does not have to respect it, as was reported by two interviewees. Trade unions have also lost in power due to falling membership numbers. Reasons were downsizing, outsourcing or a general decrease of interest in union policy (e.g. in a transportation equipment company, membership decreased within 3 years from 400 to 100 persons). However, in some firms the power of trade unions has been preserved, owing to the importance of the sector for the national economy (energy sector), or to internal traditions of cooperative relations. The latter situation was most likely to happen in firms with a long history and many long-standing workers and thus with a “small distance” between employer and employee (Bartscher-Finzer/Martin 1998: 131-2).

Trade unions in the surveyed Polish companies have only limited co-decision power on recruitment issues. They exert it during personnel reductions by enforcing a hiring freeze in order to protect incumbent workers, and by encouraging preferential recruitment of internal candidates. In two firms, shop-level trade unions had a somewhat larger impact upon recruitment matters resulting from the public ownership structure, resp. from internal traditions of cooperative relations.

The impact of shop-level trade unions on further training was even lower and was reported only by shop stewards from a utility (with a traditionally higher impact of employee representatives upon company policy) and another firm with internal traditions of cooperative relations. There, trade unions serve as internal auditors and consultants. E.g., the trade unions in the utility play the role of a referee and consultant on issues of training

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policy, as they have experience on the old, communist system of further training which was regarded in some respects as better by both the employee representatives and management.

Trade unions have little impact on issues of health management, and are not very committed to that issue. At national level, Brown et al. (2001: 254) even reached the conclusion that trade unions in Poland "oppose investments into occupational health as competing with their primary concerns such as employment security, compensation, and social benefits".

A special role had fallen to trade unions in the process of privatisation of state-owned enterprises (Towalski 2003; Gącijarz/Pańsków 1996; Siewierski 1993). I will remark on it to the degree that it concerned personnel reductions and early exit.

An exemplary case of the influence of trade unions on the privatisation process forms Firm PL-9. In 1992, the firm was commercialised, which is a preliminary stage of privatisation. Due to ensuing restructuring, the trade unions in the firm put pressure on the Ministry to release the CEO, and consented to privatisation by a Western European investor. In exchange for the agreement, the workers received 15 per cent of shares and a privatisation premium and seven-year employment guarantees starting from mid-1998. During that time, only voluntary exit of workers were possible, and a hiring freeze was instituted.

Employment guarantees were also introduced in three other firms, ranging from two till five years. Such guarantees were however only possible if the firm had gone through the state of commercialisation, i.e. was owned by the state. A Social Plan in case of mass layoffs – which were possible in the absence of employment guarantees – could be negotiated only in firms with a majority shareholder. In firms where that had not been the case (e.g. in Firm PL-12 before acquisition by the US American owner, or in Firm PL-13), personnel reductions were especially severe, and the power of trade unions to steer the process was lowest.

In some firms, trade unions suggested to release workers with an entitlement to social security benefits in the first place, even against the resistance of older workers. The motivation was to secure workplaces for remaining workers, to create vacancies for younger applicants, and to lower the average age of the workforce.

Such examples of co-management are sign of the change in labour relations at firm level from confrontation to negotiation (Siewierski 1993: 144). Trade unions have reached the
conclusion that “no one will save the firm, if not them” (ibid). That resembles the situation in Germany (Schmidt/Trinczek 1999: 117-8) and in my German case studies (section 4.2.9.)

There were also trade unions which supported the interest of older workers. That happened by rejecting their selection for individual dismissals, by convincing them not to exit early, or openly criticising the externalisation strategy towards older workers.

An interesting mechanism of collusion of interests of trade unions and workers occurred in three firms, where trade unions enforced dismissals for operational reasons or mass layoffs in order to let workers exit via pre-retirement benefits before the change of law.

Other issues pertaining to early exit are dealt with by nation-wide trade unions. The head offices of the post-communist OPZZ trade unions and of the Solidarity trade union are constantly lobbying for the prolongation of early old-age pensions.

However, age management, especially the creation of opportunities for the prolongation of working life, is neither on the agenda of firm-level nor nation-wide trade unions.

Hypothesis 7 (see section 2.4.) can be answered in a founded way only at the example of *Firm PL-9*. There, the employer signed voluntary exits programmes with several trade unions (inter al. the largest one), while the Solidarity trade union chose not to participate. However, my impression is that it was the power of the employer alone, and not the situation of rivalling trade unions, which brought about such a result.

That (largest) trade union decided to cooperate only after the first wave of reductions had taken place, in order to improve the conditions of exit for affected (older and younger) workers. Also in talks with trade unionists in other firms, I learnt that the decision to cooperate with the management on issues of personnel reductions had not been sparked by the wish to distinguish themselves from rival trade unions and to attract more members, but to limit the power of the employer and to improve the position of workers: “[I]f there was not this puffer in the form of trade unions, then the lot of workers would be much worse” (*Firm PL-6_TU*).

That knowledge speaks against hypothesis 7. I regard the contrary position of the two studied trade unions as sparked by their institutional legacy (Solidarity trade unions were always antagonistic towards employers as representatives of the ruling party; Tuszyńska 2003: 146) and by the past developments at organisational level (in the course of past reductions, the Solidarity trade union has lost most of its members).

However, in order to test the hypothesis in a comprehensive way, and not solely restricted to *Firm PL-9*, interviews with representatives of at least one other trade union in
each firm would be needed. From the interviews with managers and with chairpersons of usually the largest trade union in the firm, I did not gain knowledge on the relations with other trade unions.

This section has shown that the power of trade unions to co-decide on employment matters in Polish enterprises is reduced to issues of employment protection in case of personnel reductions. If trade unions have an impact on other matters, it is due to sectoral affiliation (in the energy sector, trade unions have a traditionally high standing), the public ownership character of the given establishment (in which trade unions have not yet been deprived of power), or the established mode of good cooperation between the management and trade unions in the given firm.

The interests of the actors at firm level could also be best studied on the example of personnel reductions and early exit. The relations between shop-level trade unions, the management and the workers took three forms – a general collusion of interests, a collusion of interests between the employer and trade unions (co-management), and between workers and their trade unions (enforcing redundancies on the employer in order to let older workers utilise still available exit pathways).

4.3.10. Conclusions

In this chapter, I will repeat the results of hypothesis testing given in the previous subsections with the exception of hypothesis 5 which will be repeated and compared between the two country cases at the end of the comparative chapter 4.4. Afterwards, I will conduct a typological analysis of the 14 firms in my sample based on presented evidence.

**Hypothesis 1** (see section 2.1.) is not supported in the Polish case. Polish firms in my sample in most cases present a ´no reaction´ pattern. However, one reason for this is the fact that incentives for trend reversal at establishment level have not been sufficiently communicated by state actors (back-and-forth policy, contradictory messages) and that sufficient coercion mechanisms (e.g. the enforcement of the anti-discrimination legislation) have not set in. Moreover, there are no financial incentives to hire long-term unemployed or insufficiently educated older workers similar to those in Germany. I would assume that respective subsidies would be embraced by Polish firms which react sensitively to financial incentives.
With regard to personnel policy towards older workers, I proposed two contradictory hypotheses (see section 2.2.). I supported hypothesis 2A with regard to recruitment (older applicants are treated as a ‘problem group’) and employee exit (older workers are used as a buffer for personnel adjustments). Hypothesis 2B is supported with regard to health and integration management (the policy differs with regard to persons with diminished work capacity, but is not directly linked with the age criterion). Neither hypothesis was supported in the field of further training, as no uniform pattern of employer action has emerged in terms of integration or exclusion of older workers.

Hypothesis 3 (see section 2.2.) is not supported in the field of recruitment, further training and health and integration management and supported in the field of exit policy only with regard to the economic position of the firm. As it seems, the economic standing of the firm is a driver for externalisation strategies towards older workers at the end of the working life. Respective strategies are intensified when a necessity to conduct labour shedding arises. That confirms the firm-structural approach (Kohli et al. 1983) and Mares´ (2001) assumption derived from a combination of the ‘varieties of capitalism´ and ‘varieties of welfare state regimes´ approach. The firm-structural approach helps explain why there is a discrepancy between the policy of state actors and its insufficient trickling-down to company level. Also my firm examples demonstrated that employer action runs contrary to the policy direction set by the Polish state actors and by the EU.

The age structure of the workforce does not determine corporate policies towards older workers in neither field of company policy (however, that could not be assessed with regard to further training due to incomplete information). Firms with older and younger age structures are uniform in their mostly externalisation-orientated or negligent policy towards older workers.

Hypothesis 4 (see section 2.3.) is supported with restrictions. Only the intermingling of structural and institutional factors brings about the specific pattern of early exit in Poland. The incentives in the pension system play a role as pull levers of early exit to a greater extent in periods of downsizing. Moreover, even if the pull factors lose their power (e.g. diminishing level of pre-retirement benefits), push factors move older workers to leave the firm in a rather involuntary way, although with some decision latitude given by the employer (workers decide to exit early for fear of unemployment should early exit vehicles deteriorate even further). Another push factor with interacts with the institutional factors is the nature of work – persons working in health-harming conditions are more willing to exit early (as I assume, even in the absence of an entitlement to early retirement in ‘special´
working conditions). Also institutionalised and culturally traded gender roles exert an impact here.

I noticed two important differences to the German case. Jump factors do not play such a huge role for the early exit trend in Poland. E.g., if women exit earlier than men, it is considered by the interviewees as a just compensation for their double burden (and thus, both a pull factor in the meaning of entitlement mentality, and a push factor in the meaning of early wear due to that double burden). Another explanation for the dominant exit pattern of women can be found in scholarly literature – the pursuit of the ´alternative role´ (Offe/Hinrichs 1984) of grandmothers is induced more by economic necessity (young families rely on their parents to make up for the decreasing number of child care facilities; Surdej/Ślęzak 2009: 170-1) and by the dominant family model which has the character of a norm and an informal institution (Pfau-Effinger et al. 2009: 195, 199).

Another important distinction to the German case is the fact that the participation of older workers in early exit has a more existential dimension in Poland than in Germany. Confronted with the threat of unemployment and possibly ensuing poverty, the take-up of the (low) pre-retirement benefit is a means of both escaping the unwanted label of ´unemployed´ and the means of securing a living. That has to do with the institution of unemployment protection in Poland which is provided only for six till maximally 18 months (see section 3.3.2.). Moreover, personnel reductions in Poland had a larger scope than in Germany and were accompanied by the threat of shop closure; correspondingly, the pressure on older workers to retreat in order to secure workplaces for the young was higher.

**Hypothesis 6** (see section 2.1.) is supported. The personnel policy of Polish firms is not prepared for the prolongation of working life and will rather thwart such a development. Personnel policy of Polish firms is deficient in many respects and lacks a long-term strategic orientation, let alone elements of an age management strategy.

**Hypothesis 7** (see section 2.4.) can be answered in a founded way only at the example of *Firm PL-9*, where I interrogated chairmen of two among the four trade unions existing in the company. On that example, it is falsified, as the cooperative versus antagonistic relationship between the management and the respective trade unions was sparked by varying positions on what is good or bad for the workforce rather than by inter-union rivalry. That can be explained with the historically founded adversarial positions of employers as representatives of the ruling party under communism and of the Solidarity trade union (Tuszyńska 2003: 146), which was the antagonistic partner of labour relations.
in Firm PL-9. However, more material on labour relations in other firms from my sample would be needed in order to thoroughly assess that hypothesis.

Some findings from chapter 4.3. on Polish case studies deserve a closer look and discussion.

The Polish example demonstrates the dominance of structural factors upon both the personnel policy of firms, the translation process of institutional mechanisms, the policy of employee representatives at firm level, and the attitudes of older workers towards early exit. Several structural factors are important in that context. On the one hand, the transformation from plan to market has not yet come to an end in Poland and as long as firms will be forced to make personnel adjustments, chances are low for an integration of older workers at firm level and a prolongation of working life. It became apparent that even in the absence of institutional incentives (e.g. after the lowering of the pre-retirement benefit), older workers are released and themselves often accede to the release. Thus, one can speak of a “´constrained choice´ nature of early retirement options for employees” (Naschold et al. 1994b: 153) or “choice of a lesser evil” (in the opinion of my interviewees). The structural upheavals on the labour market are reinforced by the weaker institutional protection of older workers from dismissal – in the Polish ‘aggressive capitalism’, there are less norms on the non-dismissal of older workers. Against this background, I regard the planned shortening of the ‘protected period’ of older workers from four to two years (MPiPS 2008: 19-20) as a wrong move, all the more as employers have adapted to the longer protection period (Ipsos 2007: 39).

Another structural factor is the expansion of the private sector and the related decrease of the importance of the institution of employee representation at firm level (Bednarski 2003: 149, Jarosz 1997: 65). Therefore, shop-level trade unions do not play a significant role as defenders of employment security of older workers.

My analysis has revealed also other structural factors which explain the difference in the personnel policy towards older workers. Firms in regions with worse infrastructure have a more deficient personnel policy and do not pursue long-term strategies in scarcely any field of the personnel policy, but rather apply ad hoc measures when the need ensues (e.g. singular qualification measures on demand). I see that as related to another explanatory structural variable – foreign investment, as firms with foreign capital have a more holistic and long-term approach to personnel policy (Pocztowski 2002: 22; Purgał 2002). The impact can be understood as ‘country-of-origin effect´ which is fostered by the dominance
of home country nationals in managerial positions (Edwards 2004: 395). The dominance might be higher in countries like Poland in which the new HRM models are at inception phase.

The institutional legacies from the socialist past have both positive and negative aspects. The negative aspect is the sometimes still practised nepotism in hiring decisions, low sensitivity to discrimination, short planning horizon in terms of personnel policy and deficiencies in the realm of occupational safety. Positive is the large involvement of firms in issues of workplace health promotion. Comprehensive health checks have been retained from that period. However, in the process of rationalisation firms outsourced own health centres, own departments of labour medicine and cut the financing of extramural college education of their workers.

The conclusions reached by Naschold et al. (1994b: 142) with regard to the personnel policy of German companies at the beginning of the 1990s (no attempts to initiate a policy aimed at integrating older workers), which I had refuted in the German chapter (section 4.2.10.) still applies to Poland at the moment being. There are no Polish firms in my sample which pursue age management strategies, even in the case when their foreign owner is active in this field in the country of origin. Moreover, Polish firms to a large extent still rely on the “productivity logic” – firm actors are guided by assumptions about the lower productivity of older workers as carried by the deficit thesis of old age, and neo-classical arguments play a larger role in assessing their usability for the firm (see section 4.3.2.). In Germany, both the analysis of Naschold et al. (1994b: 148-9) and my case studies have established that German firms are rather orientated towards stabilising the current age structure of the workforce rather than raising productivity by means of rejuvenation.

On the basis of evidence from previous sub-sections, the 17 Polish firms in my sample can be arranged into types along the two dimensions ‘muddling through’ vs. ‘HRM strategy’ and ‘externalisation’ vs. ‘internalisation’ (Table 23; see Annex C for explanations).
Table 23: Polish firm typology

<table>
<thead>
<tr>
<th>Degree of integration of older workers</th>
<th>Internalisation</th>
<th>Medium-internalising position</th>
<th>Medium-externalising position</th>
<th>Externalisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rather strategic orientation</td>
<td>Firm PL-11</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>‘Muddling through’</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* = based on one interview only

Firm PL-3 and PL-4 were not included in the analysis due to scarce material and the absence of collective regulations.

The cells in grey contain ‘good practice’ companies.

Pearson Correlation between the variables ‘degree of integration of older workers’ and ‘stage of development of HRM strategy’: -0.296, p =0.283.

It can be seen from Table 23 that there is large variance with regard to the internalising, resp. externalising effect of personnel policy in Polish firms. Also, the two dimensions depicted in the table are not significantly correlated. The dimension in the left column (HRM strategy vs. ‘muddling through’) differs from the German case, where I took into account the grade to which HRM policy considers the ageing of the workforce. However, in the Polish case, age management was largely unknown, therefore I assessed such firms positively which were active in many HRM fields, as an elaborate HRM strategy constitutes in my view the first step towards an age management strategy which also has a long-term orientation. Moreover, good practice in age management has to be evaluated in relation the what other countries in the given national – and not international – context have achieved, as the institutional setting and the socio-economic history of a given country determine the opportunities for establishing such a policy at all. This approach is in line with Maurice’s (1991) proposition of a comparative analysis based on the “societal effect”, whereby phenomena at micro level (like the personnel policy of singular firms) cannot be compared between different nation-states without previous analysis of the nationally unique combinations of factors at micro and macro level.

The importance of the national context can be seen on the example of Firm PL-14, which achieved the highest position among the 15 Polish firms depicted in Table 23 and can be assessed as ‘good practice’ example. Although the firm was acquired by a Western

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57 This is in line with results at aggregate level from an employers’ survey (Tokarz 2007a:14).

58 The European Foundation (1998: 2) defines ‘good practice’ as „the best available given particular national circumstances”.
European corporation which is very active in the field of age management in the country of origin, those innovative HRM policies have not spread to the Polish subsidiary. That points to the determining power of ‘host country’ (as opposed to ‘country of origin’) effects (Edwards 2004), and to the importance of institutional and structural/socio-economic factors in the given country setting (above all, the rapid transformation process accompanied by downsizing).

My assessment of age management and the degree to which the personnel policy externalises or integrates ‘50pluses´ is biased in favour of firms with a stable employment situation. A telling example of that bias is Firm PL-11. During communism, it had a complex system of social benefits for all workers, subsidies to extramural education, and extensive in-house further training and health care services. Those regulations are codified in the Collective Agreement, which however contains a passage that measures are contingent on the financial standing of the establishment. In the interview period, only occupational safety training and regular health check-ups prescribed by law were provided, and older workers were excluded from further training due to high costs and shorter pay-back period. Therefore, the motor vehicle company achieved the lowest measures with regard to the integration of older workers (Table 23).

Besides of the lacking focus on the ageing of the workforce (HRM strategy instead of age management strategy), Polish firms are worse positioned than German firms in my sample with regard to the integration of older workers. The vast number of firms occupied the medium-internalising position and the medium-externalising position (Table 23), but there were more firms in that second column, and two firms (Firm PL-11 and Firm PL-13) with outright externalising policies.

No branch-specific positioning in the two dimensions depicted in Table 23 was visible, which speaks in favour of hypothesis 5 (see section 2.2.). However, the existence or non-existence of country patterns in age management can be assessed only in a cross-national comparison of the results of the German and Polish case studies. That task will be undertaken in the following chapter 4.4.

4.4. Cross-national Comparison of Firm Case Studies

In this chapter, I will compare the results of the Polish and German firm case studies. For comparative purposes, I will use condensed information cross-cutting across the four
studied areas of personnel policy – recruitment, further training, health and integration management, and employee exit –, the result of which is presented in Figure 14. The figure will serve as basis for testing hypothesis 5. Afterwards, I will discuss the differences and similarities of German and Polish firms in the transportation equipment industry and in the food manufacturing industry. This chapter will end with an assessment whether a country pattern is emerging, which will falsify or confirm hypothesis 6 for the time being, and a final analysis of hypothesis 7.

Figure 14 depicts the position of the studied German and Polish firms with regard to the dimensions ´stage of development of HRM strategy´ and ´direction of personnel policy towards older workers´ (see Annex C for detailed description of how the values were computed).
Figure 14: Firm typology

The X axis is based on an index across four personnel policy domains (recruitment, further vocational training, health management and exit policy). It depicts whether the personnel policy of the firm has an externalising or integrating effect upon older workers. The Y axis takes into account whether the personnel policy of firms has a strategic, long-term orientation and with regard to how many measures (e.g. know-how transfer, age-adequate working conditions). When taking into account the position of the firms on the Y axis, the more developed personnel policy of firms in the transportation equipment sector (value 1 and higher on the Y axis) stands out when compared to firms in the food manufacturing sector which are largely arrested at the stage of ‘muddling through’. However, the differences between branches are valid only within the given country context. With regard to German firms in my sample, I took into account the grade to which HRM policy considers the ageing of the workforce (comp. Table 16 in section 4.2.2.). However,
Polish firms lacked such a focus, therefore I solely assessed whether the firms had a personnel policy in many fields (e.g. recruitment, know-how transfer, early retirement; comp. Table 21 in section 4.3.2.). That leads to the conclusion that German firms score better with regard to the awareness to and inclusion of ageing issues in personnel policy. Figure 14 visualises the institutional determinants of HRM policies, or the “societal effect” (Maurice 1991) – the position of Polish firms on the Y axis is not assessed based on universal criteria, but on criteria specific to the national context. Polish firms which reach high values on the Y axis are as good as they can be in the given institutional context.

Firms in the quadrant ‘bad practice’ could also be characterised as representing a “short-term- and externally oriented HRM system” (Nienhüser 2002: 77-8). It is characterised by solving personnel adjustment problems on the external labour market by recruiting young personnel and releasing older workers. Tasks performed by workers are usually not very complex and firm-specific know-how, loyalty and know-how transfer play almost no role in the work process (ibid). Firms in the quadrant ‘good practice’, in turn, represent firms with a “long-term- and internally orientied HRM system” (ibid: 78). Workers in such firms usually perform complex tasks, experience, specialist know-how and social cohesion play a large role in the work process. The firms strive to build up human and social capital by investing in the qualification of workers and have a long-term oriented personnel planning. The work morale of workers is preserved by means of employment security and promotion opportunities (ibid).59

It stands out that Polish firms occupy more extreme positions on the X axis. There is a higher polarisation between firms in Poland with regard to personnel policy towards older workers, and a generally broader scope of policy orientations than in Germany – two Polish firms have the highest factual value of internalising policy (2.66), and two others the lowest (0.33). That forms the quantitative support for hypothesis 5 (see section 2.2.) – cross-national differences on the externalisation-internalisation continuum are larger than branch similarities across both countries.

59 A legitimate question in this context is, can only firms which can guarantee that employment security and which do not have to conduct large personnel reductions uphold that internal orientation in HRM? Examples of firms in my study which cut back on innovative age management practice under unfavourable economic conditions suggest a ‘yes’; but more comprehensive studies of firms officially acknowledged as ‘good practice’ in times of economic crisis would help to shed more light on that issue.
The qualitative support for the hypothesis can be presented in the form of national patterns (Table 24).

**Table 24: National patterns of internalisation and externalisation of older workers**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Germany</th>
<th>Poland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inclusion in recruitment</td>
<td>Rather not</td>
<td>Rather not</td>
</tr>
<tr>
<td>Preventive health management</td>
<td>Yes, increasingly (but not necessarily with an ageing focus)</td>
<td>Rather not, with the exception of health checks</td>
</tr>
<tr>
<td>Further training addressing the age of workers</td>
<td>No, but equal access to training</td>
<td>No, often non-inclusion or no training at all</td>
</tr>
<tr>
<td>Older workers as flexibility resource in large staff cuts</td>
<td>Yes, with high financial input of the firm</td>
<td>Yes, usually with low financial input of the firm; large differences by gender</td>
</tr>
<tr>
<td>Opportunity to work past standard retirement age</td>
<td>No, ruled out by collective agreements</td>
<td>In singular firms, if the economic situation is favourable</td>
</tr>
<tr>
<td>Cooperation between employee representatives and management on ageing issues</td>
<td>Yes</td>
<td>In some firms, on early exit only</td>
</tr>
</tbody>
</table>

That evidence confirms the power of the institutional theory and shows that the national ‘home environment’ matters (Porter 1985, quoted after Naschold et al. 1994a: 481, 472). National and sectoral institutions are the context within which early exit patterns in firms evolve. Institutional variables form a specific national framework together with structural, socio-economic factors. Already the different development of the labour market creates a different home environment (Hall/Soskice 2001). Statutory pathways of early exit in Germany require the co-operation of firms, either as financial input or the willingness to hire new staff (which is a pre-condition for re-imbursement), while pre-retirement benefits or the early old-age pension in Poland require only the cancellation of the employment contract (Aleksandrowicz 2006: 28-9). That invites the rejection of responsibility for the integration of older workers by Polish firms, and the externalisation of costs onto the public.

Another aspect connected to employee exit policy is that pre-retirement benefits utilised by Polish firms as a vehicle for early exit are granted only to employees from companies threatened by insolvency, in cases of liquidation of the shop or of the workplace at which the employee has hitherto worked, while no such conditions have to be fulfilled in case of the German ATZ. Therefore, early exit is a much more conflictual issue in Poland, and borders on matters of individual subsistence and firm survival. That leaves little scope for the evolution of age management practices in Polish firms.

There were some marked differences in the agency of firms in those two branches with regard to older workers.
Firstly, the common feature of firms in the transportation equipment sector is the non-recruitment of older applicants. In distinction to the foodstuffs branch, the attractive image especially of the automotive industry played a significant role in barring older applicants, securing firms a steady inflow of young and well-qualified candidates. (Most Polish transportation equipment companies in my sample were of foreign ownership and therefore even more attractive to young applicants.) In Poland, the foodstuffs industry also did not offer employment opportunities to older candidates, which I explain with the continuously negative development of the food manufacturing industry in Poland in 2004-2006, while German firms in the food manufacturing branch offered them singular employment options, inter al. due to the already showing shortage of labour force willing to work at burdening workplaces and for low pay. That shows the impact of branch-specific labour markets (availability of labour force) and of the economic situation upon the recruitment chances of older workers.

Secondly, only German firms from the transportation equipment sector were ´good practice´ and implemented innovative solutions in the field of health and integration management. Polish firms from both branches (with one exception) again had a homogeneous personnel policy in that field, in accord with German firms from the foodstuffs industry. Those firms run the externalisation policy towards impaired workers, and offered little prevention. A possible explanation is the generally low-qualified blue-collar workforce in the foodstuffs manufacturing sector which (in line with Mares´ (2001) combined ´varieties of capitalism´ and ´varieties of welfare state regimes´ approach) does not necessitate special incentives in order to retain workers or investments in their employability. Blue-collar workers in that sector receive low wages, they fill strenuous workplaces with “limited tenure” (Behrens 1999) which makes it possible for the firms to rely on a solving of the ´ageing problem´ via natural wear and tear.

It follows from those examples that branch differences in age management policies are more pronounced in Germany, while Polish firms have a more uniform policy across sectors. Possibly, Polish firms have not yet developed adaptation patterns to deal with structural constraints (economic situation of the given branch).

In view of findings presented in this and the previous two sections (4.2. and 4.3.), hypothesis 6 (see section 2.1.) is supported for both countries with regard to firm-level policies. The personnel policy of both German and Polish firms will rather hinder than facilitate the prolongation of working life. In both countries, firms have not sufficiently
reacted to pension reforms which sought to incite postponed retirement (see sections 4.2.8. and 4.3.8.). Moreover, the majority of firms in both countries apply a reactive type of personnel policy; a long-term strategic orientation can be found only in a few firms (Fig. 14). Older workers are not yet taken into account as valuable human resource in recruitment (section 4.2.3. and 4.3.3.). An orientation of in-service training to the needs and previous knowledge of older workers is missing, and no endeavours are made to overcome their lower learning willingness which is one of the causes of their low training participation (section 4.2.4. and 4.3.4.). The personnel policy in the field of health and integration management has adapted to a larger extent to the specificity of an ageing workforce, although only in German firms that focus is present. In both countries, firms have a non-uniform policy with regard to impaired workers, but existing externalisation strategies are not directed at older workers as such, but at employees with work incapacities (section 4.2.5. and 4.3.5.). Last, with regard to exit policy, older workers with pension entitlements are treated as flexibility resource in order to carry through personnel adjustments (section 4.2.6. and 4.3.6.). Thus, it can be concluded that a general commitment of German and Polish firms to the prolongation of working life is missing.

In the medium term, I suppose that German firms will be more successful in creating the prerequisites for the prolongation of working life. This assumption is grounded on several facts. Firstly, there are already some outstanding cases of age management practice in German firms, both in my sample and at national level (see e.g. Frerichs/Sporket 2007; Bertelsmann Stiftung/BDA 2003), while firms in Poland still exhibit a short-term orientated and not innovative HRM policy. Secondly, there is more support for firms in Germany which want to adopt age management practices, both in terms of cultural capital and institutional support (long tradition of debate on age management in the media, topic regarded as relevant by political actors, social partners and NGOs, networks of business partners for the exchange of good practice, public and scholarly support for firms in the form of pilot studies or training on age management issues). Thirdly, the transformation from plan to market economy has not yet been completed in Poland; firms are shedding personnel and conducting internal restructuring and are on overall more dependent on exogenous, structural factors. Fourthly, a negative assessment of older workers based on the deficit model of old age, and the perception of the ageing of the workforce as a threat are

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60 ‘Reactive’ not in the meaning of a (long-term) adaptation to institutional changes, but a short-term reaction to current internal demand or market pressures, or incremental policy without frame shifts and without adopting new policy orientations (on the latter: Wiesenthal 2003: 60ff).
quite frequent among actors at firm level in Poland, thus limiting their willingness and ability to recognise the productivity potential of older workers. And fifthly, the motive behind the introduction of early exit options were different in both countries. In Germany, the motive behind the introduction of the ‘flexible retirement age’ was humanisation of work and labour-supply reduction was only a side-effect (Ebbinghaus 2002: 350). That may explain the larger interest in health management in German firms. In Poland, in contrast, the motive behind the introduction of early retirement pensions for certain professions (and, later, pre-retirement benefits and allowances) was ensuring loyalty of workers and labour supply reduction.

In the long term, I expect some degree of convergence with regard to the integrative character of personnel policy towards older workers in both countries. Drivers for this change will be in my opinion the spread of foreign management practice in Polish firms, the impact of EU legislation, the demographic change, the fact that more persons will retire under the new pension system, and the faster economic growth in Poland. Although that does not automatically entail the introduction of age management strategies in Polish companies, already a long-term orientated and holistic HRM policy will have in my eyes a positive impact on their integration and retention. Admittedly, the variables ‘stage of development of HRM strategy’ and ‘direction of personnel policy towards older workers’ are not significantly correlated (see values below Table 19 and Table 23), and also ad hoc personnel policy solutions when dealing with older workers can have an integrative character – e.g. as can be found in small or mid-sized family businesses or owner-managed firms (Benedix et al. 2007: 49). However, such policies have a time-limited effect and may fall prey to a change in management or ownership. Only long-term orientated strategies and their codification in company agreements between the management and employee representatives create a reliable basis for the sustainable integration of older workers on the job, and create enforceable entitlements (e.g. to a certain amount of further training per year).

**Hypothesis 7** was supported in the case of Germany and was difficult to test in the case of Poland. When observing cross-national differences, it becomes apparent that union pluralism – which is the case in Polish firms – moves them towards more radical positions vis-à-vis management in order to secure their respective constituency and inhibits the coordination and pushing through of interests (Keller 1999: 30-31). Works councils in
Germany are more successful in protecting the interests of (older) workers, as well as more cooperative towards the management on issues of early exit. Thus, the country-specific model of industrial relations clearly determines the process of negotiations on early exit at firm level.

The qualitative panel had strengths as well as weaknesses.

To start with the strengths, it allowed to track organisational changes, especially the status of age management policies under different economic conditions. Those changes can take the form of further development, continuation, suspension or reversal. It allowed to cross-check declarations with actual practice in cases when a certain measure was at conceptualisation or inception phase at the time of the first interview. I was also able to analyse the effect of legislative changes which had not exerted full force by the time of the first interview.

One substantial weakness was the unavailability or change of some contact persons which made it difficult to access the firm (in four cases). It also disrupted the ´story´ on the given firm as the new contact persons did not always have the same information on phenomena under question as their predecessors. According to the constructivism of Schütz (1971), facts become relevant only through the subjective meanings of actors and their interpretations. In line with this, all interviewees presented their own version of the facts. The task was to reveal whether the changed interpretation was due to a change of the facts, or if it was a reflection of a different viewpoint. E.g., in a Polish firm, the personnel manager told me that the shop stewards were opposing the introduction of occupational pensions. A year later, in a talk with one of the shop stewards, I learnt that they did not oppose it but demanded other conditions. In such cases, I assumed the fact to lie in-between. On matters which concerned the building of the ´internalisation – externalisation index´ (Annex C), I resorted to weighting such contradictory answers.

Another problem occurred when one and the same person stated facts differently at the two interview dates. E.g., in one German firm, the assessment of the average age of the workforce in the year 2010 differed by 1.4 years and the interviewee denied that he had given me the other information in 2004.

As concerns the interpretation of the hypotheses and the construction of the ´internalisation – externalisation index´, I took into account the most recent information as I considered it an ´endurance test´ whether the firm has preserved a certain age-adequate measure or continued giving decision latitude to older workers on the timing of exit even in
an unfavourable economic situation. Cases where information only from one interview wave was available were either not considered in the typological analysis or I made it transparent with respective remarks that the information might be unreliable (Table 19 and 23).

The interview guideline was adapted to the time of the interview. It was a thin line assessing whether the same questions should be posed to each new interview partner, or whether one could assume a common understanding about certain facts. The first option bears the risk of irritating the interviewee who might assume that the researcher is asking the obvious.

The research in Polish firms differed in one marked respect from that in Germany – in one year, I interviewed personnel managers or other persons in charge of the personnel policy of the establishment face-to-face and in the other year, I interviewed shop stewards via phone.\textsuperscript{61}

4.5. Generalisability of my Results

My study has focused on large enterprises with more than 250 workers. The intention behind it was to detect HRM strategies and long-term orientated policies. I assumed that SME apply to a greater extend ad hoc measures in personnel policy when faced with a concrete problem (Benedix et al. 2007: 41-42) and that they do neither have the personnel capacity nor financial resources needed to adopt age management strategies, e.g. subsidised training (Bellmann et al. 2003: 32). My analysis confirmed the size criterion: Polish firms in my sample were on average smaller than the German ones, and all Polish firms with less than 500 workers adopted reactive and ‘muddling through’ measures when dealing with age-related problems.

Another criterion for the selection of my firm cases was the share of older workers in the firm of at least 10 per cent. I assumed that firms with no older workers have no specified or codified policy of how to deal with them, and that they are generally more negative towards that group of workers (Brussig 2005: 13; Ipsos 2007: 29). Within my sample, the age structure of the workforce had no impact upon personnel policy towards

\textsuperscript{61} The phone interview brought about equally rich material as the personal interviews. The shop stewards were open and as guarantee of my sincere intentions, only in few cases, the confirmation of my identity by my former interviewee was demanded.
older workers, but I nevertheless uphold my assumption that that would be different in firms with a no older workers at all (e.g. in greenfield foreign investments in Poland).

I concentrated on the manufacturing sector with a high share of manual work in order to control for the difference in age-related risks in various production regimes (Frerichs 2002; Rosenow/Naschold 1994: 41-44). The four firms from the services sector included in my sample (only one in the Polish case) all had a short-term orientated, but integrative policy towards older workers. The explanation could be that either the risks in the services sector (here: post, banking, civil service, health insurance) are lower (however, Behrens (1999: 83) regards banking as a highly burdening profession with “limited tenure”), or that firms in the services sector had developed better coping strategies.

I concentrated my studies on regions in Western Germany and Southern Poland with average or higher than average unemployment rate (when compared to Western Germany, resp. Poland). That way, I wanted to hold the labour market and economic conditions constant. I however chose only firms which produce goods for the national or international market. That way, I was able to integrate branches of multinational companies, and to achieve more generalisable results. In the course of research, it emerged that the situation on the labour market is not the only relevant structural factor, but likewise is the overall infrastructure in the region which makes it interesting for foreign investors. Thus, those Polish firms in my sample which are located in a region with worse infrastructure (and which are not foreign-owned) have also a less developed and rather short-term orientated personnel policy (see section 4.3.2.).

I did not include firms from Eastern Germany, as they have a different managerial and economic tradition and different institutional legacies that would add, in fact, a third country study to my research (Schuster/Stieler 1994; Büttner 2005a).

The last selection criterion was the presence of a workers´ representation in the firm (shop-level trade unions or works councils). That served a heuristic function, as by conducting interviews with both parties and collecting company agreements I was able to gain a broader picture on company agency and cross-check declarations and actual practice. Another reason was the expectation that, as trade unions have been active partners in many European countries of management with regard to the use of early retirement for labour shedding purposes (Ebbinghaus 2002; Gatter/Hartmann 1995: 420), the focus on companies with employee representatives generated interesting material for the observation of decision-making and bargaining at firm level. Moreover, there is hardly any large German firm without a works council (Müller-Jentsch 2003: 48).
Therefore, I can generalise my results to large industrial enterprises (with between 400 and 5,000 employees) in Western Germany and which have a works council which represents workers’ interests and which are affiliated to an employers’ association. My analysis can be furthermore generalised to large Polish companies with at least 200 workers which have a shop-level trade union. It can also be generalised to Polish firms bought up by foreign companies (not to greenfield investments, which usually have a young age structure and no workers’ representation).

The generalisability of my findings is increased due to the qualitative panel character. The two interview waves in Germany were 2.5 till 3 years apart, in Poland I conducted one interview wave with managers and another, one year later, with trade unionists. That way, I was able to observe dynamic developments under various institutional and structural circumstances, e.g. the backing off from innovative personnel policies when faced with a downward economic trend. The reliability of my findings is to some extent reduced due to the current situation of economic transformation in Poland, accompanied on the one hand by large-scale personnel reductions (Góra 2000), but on the other hand by higher economic growth than in Germany and other Western European countries (5.6% economic growth in Poland, 0.8% in Germany in the third quarter of 2008; Eurostat News Release 4th Dec. 2008).
5. Barriers and Opportunities for Prolonged Employment

In this concluding chapter, I will present barriers and opportunities to the prolonged employment of older workers. They are located at statutory, collective bargaining, company and individual level. The barriers and opportunities are derived from the preceding chapters on institutional and structural developments (chapters 3.2., 3.3. and 3.4.) and on the results from my analyses of firms’ personnel policy (chapters 4.2., 4.3. and 4.4.). On that basis, a projection into the future will be made, regarding the prospects of long-term labour market integration of older workers in Poland and Germany.

Table 25 depicts the results of hypothesis testing conducted in the preceding chapters.

<table>
<thead>
<tr>
<th>Hypothesis, source</th>
<th>Results for Poland, source</th>
<th>Results for Germany, source</th>
<th>Cross-national results, source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis 1, section 2.1.</td>
<td>not supported, section 4.3.8.</td>
<td>supported with restrictions (structural factors have determining power, and some reforms have engendered no reactions), section 4.2.8.</td>
<td>(does not apply)</td>
</tr>
<tr>
<td>Hypothesis 2A, section 2.2.</td>
<td>recruitment: supported, section 4.3.3. further training: not supported; section 4.3.4. health a. integration management: not supported; section 4.3.5. employee exit: supported, section 4.3.6.</td>
<td>recruitment: supported, section 4.2.3. further training: not supported; section 4.2.4. health a. integration management: not supported; section 4.2.5. employee exit: supported, section 4.2.6.</td>
<td>(does not apply)</td>
</tr>
<tr>
<td>Hypothesis 2B, section 2.2.</td>
<td>recruitment: not supported; section 4.3.3. further training: not supported; section 4.3.4. health a. integration management: supported, section 4.3.5. employee exit: not supported; section 4.3.6.</td>
<td>recruitment: not supported; section 4.2.3. further training: supported, section 4.2.4. health a. integration management: supported, section 4.2.5. employee exit: not supported; section 4.2.6.</td>
<td>(does not apply)</td>
</tr>
<tr>
<td>Hypothesis 3, section 2.2.</td>
<td>recruitment: not supported, section 4.3.3. further training: could not be tested with regard to the age structure of the workforce, but not supported with regard to the economic position of the firm, section 4.3.4. health a. integration management: not supported, section 4.3.5. employee exit: supported with regard to the age structure of the workforce, not supported with regard to the economic position of the firm, section 4.3.6.</td>
<td>recruitment: could not be tested; section 4.2.3. further training: not supported, section 4.2.4. health a. integration management: supported with regard to the economic position of the firm, not supported with regard to the age structure of the workforce, section 4.2.5. employee exit: a.a., section 4.2.6.</td>
<td>(does not apply)</td>
</tr>
<tr>
<td>Hypothesis 4, section 2.3.</td>
<td>on the basis of statistical secondary data: supported, section 3.3.4. on the basis of qualitative data: supported with a restriction (structural factors have determining power), section 4.3.7.</td>
<td>on the basis of statistical secondary data: supported, section 3.2.3. on the basis of qualitative data: supported with a restriction (structural factors have determining power), section 4.2.7.</td>
<td>(does not apply)</td>
</tr>
<tr>
<td>Hypothesis 5, section 2.2.</td>
<td>(does not apply)</td>
<td>(does not apply)</td>
<td>supported, section 4.4.</td>
</tr>
<tr>
<td>Hypothesis 6, section 2.1.</td>
<td>institutional level: supported, section 3.4.2. firm level: supported, section 4.3.8.</td>
<td>institutional level: not supported, section 3.4.2. firm level: supported, section 4.2.8.</td>
<td>supported only with regard to the firm level, section 4.4.</td>
</tr>
<tr>
<td>Hypothesis 7, section 2.4.</td>
<td>could not be tested in a comprehensive way; section 4.3.9.</td>
<td>supported, section 4.2.9.</td>
<td>supported; section 4.4.</td>
</tr>
</tbody>
</table>
The impact of institutional factors has not been confirmed in all cases. Statutory regulations have only limited influence on firms’ policies in Poland, and in Germany, their impact is partly counterbalanced by structural determinants (the economic situation of the firm and the situation on the labour market) (hypothesis 1). The same applies to the development of activity rates and the average retirement age in Germany and Poland, and the adaptation of retirement preferences in Germany – statutory regulations have an impact in line with structural factors (hypothesis 4). (In the case of Poland, institutional disincentives to early exit have not yet come fully into force, therefore the impact of institutional factors upon individual life courses can be observed mostly in the form of eager utilisation of still available early exit options.) Structural factors also play a role with regard to the corporate policy towards older workers – the economic situation of the firm clearly brings about the externalisation of older workers in the field of health management in Germany, and employee exit in both Poland and Germany (hypothesis 3).

The institutional theory is confirmed with regard to labour relations and exit policy in German firms - the institution of co-determination influences the power relations in the firm and leads to the situation that early exit as firm policy can be pursued only in collusion between firm management and workers’ representatives (hypothesis 7). At supranational level, the institutional theory is also confirmed – the cross-national differences with regard to the internalising, respectively externalising effect of firms’ personnel policy towards older workers exceed differences between branches. The institutional path dependence thesis (applied, on the one hand, to lock-in effects in pension policy, and to the degree of fulfilment of Stockholm and Barcelona targets on the other hand) was supported in the case of Poland but not supported in the case of Germany (hypothesis 6). Contrary to initial assumptions, despite the advanced early exit trend, the current institutional configuration of pension and labour market policy in Germany provides more facilitators than inhibitors to active ageing. The opposite is true for Poland, although the employment rate of older workers is slowly going up and one important step to the end of the early exit trend was made by introducing bridging pensions in 2009.\(^\text{62}\) The company level both in Poland and Germany has not evolved into an environment which fosters prolonged employment (hypothesis 6).

\(^{62}\) That move has reduced the number of potential beneficiaries of early retirement pensions for persons performing work ‘of special character or ‘under special conditions’ from over 1 million to 260,000 persons (“Weto prezydenta ws. pomostówek odrzucone”, www.gazeta.pl, 29.12.2008).
At firm level, the neo-classical labour market theory and the concept of alternative roles for older workers are confirmed with regard to recruitment and exit policy. Older workers are treated by both Polish and German firms as a ‘problem group’ and a flexibility resource in those two personnel policy domains (hypothesis 2A). A reason is that their lower productivity is universally assumed regardless of possible individual capacities. Older workers are disadvantaged either because of their factual negative traits (Soltwedel/Spinanger 1976: 276), e.g. ‘bad habits from old system’ in the Polish case, or, as the concept of alternative roles states (Offé/Hinrichs 1984: 46), they are discriminated against not because of their personal characteristics, but because certain negative values are ascribed to them on grounds of age. In contrast, further training policy in German firms and health management and integration policy in German and Polish firms seems to follow the firm-structural approach and the theory of incentives and contributions. Firms view both older and younger workers as valuable resources which should be retained rather than exhausted. (However, that does not imply that they automatically invest more in the prevention of work incapacity and continuous further training; rather, most firms adopt a reactive stance, as was shown in chapters 4.2. and 4.3.) Apparently, it is easier for firms to be ‘good practice’ in terms of qualitative personnel policy (in such areas as further training and health management) than in terms of quantitative personnel policy (recruitment and termination of the employment contract).

Structural theories have also explanatory power for the assessment of long-term chances for a better labour market integration of older workers, which are rather unfavourable in Poland, and only slightly better in Germany (hypothesis 6).

In sum, it can be concluded that my study has confirmed the explanatory power and the interrelations between institutional and structural theoretical approaches. The results also confirm the combined explanatory power of the push and pull thesis of early exit that has already been heralded by Kohli and Rein (1991). The authors perceived the agency of the legislator in the field of pension and labour market policy to large extents as a response to changing economic pressures and “muddling through”. Adopted to my topic, that would mean that the state was not a pace-setter and initiator of pro-active policies. I would not go so far as to diminish the scope of state’s action merely to reaction, as institutional changes have clearly had effects on early exit preferences and the actual labour/leisure choice of individuals, as well as on some aspects of company agency. Nevertheless, the extent to which those institutional determinants take effect is bounded by the economic condition of firms and the situation on the labour markets.
At establishment level, two surprising results emerged. Firstly, the age structure of the workforce seems not to influence the externalisation and internalisation decisions of Polish and German firms, contrary to Mares´ (2001) findings. Secondly, firms apply a different logic with regard to the treatment of older workers depending on the field of personnel policy – while they tend to treat them differently from younger workers or applicants in the field of recruitment or the termination of the work contract, they apply a rather uniform policy in the field of health and integration management and further training.

The fact that older workers are regarded as a problem group and flexibility resource in exit and recruitment policy confirms the validity of the push thesis. It also demonstrates that assumptions of neo-classical labour market theory are still shared by a large part of the management and reflected in actual policies at firm level. Moreover, the concept of alternative roles is confirmed – the alternative roles of retiree or grandparent justify the externalisation of older workers and bring about a collusion of interests between employee representatives, the management and the employees themselves. That connection is especially vivid in the Polish case.

The next sections (5.1. till 5.3.) will summarise the most important results of my study. The focus will be on the conducive and detrimental factors which have an impact on the prolongation of working life. I will recur to explanatory variables depicted in the first theoretical sections (2.1. till 2.4.) of that study, and link my results with findings from literature.

5.1. Determinants at Institutional Level

In sum, there exist more institutional chances than barriers to a prolongation of working life in Germany, while the opposite is true for Poland (see section 3.4.).

When starting with barriers to the prolongation of working life located at the institutional level (encompassing both statutory and collective bargaining regulations), the inconsistent mode of policy-making in both Germany and Poland has to be mentioned. First attempts at stopping the early exit trend were conducted in both countries in mid-1990s. In the case of Germany, long phasing-in periods of malus rules for claiming early retirement pensions limited their impact on the actual behaviour of individuals. More strict reforms introduced at the turn of the century were first stopped by the subsequent government. In the case of Poland, the ´big bang´ reformers of 1999 also backed off from some attempts to stop the early exit trend (inter al. the gender-differentiated retirement age). Those ´stop and
go policies’ (Schömann 2006: 135) in both countries had a clear goal of blame avoidance (in the meaning of Weaver 1986).

Another barrier to the prolongation of working life in the case of Poland was leaving several occupational group outside of the reformed pension system (farmers, judges, prosecutors, the armed forces), or preserving preferential rulings for them within the reformed pension system. The relatively high replacement rates of the Polish old-age pension system and its high coverage generated positive feedback and lock-in effects (Müller 2004: 382) and made it difficult both to conduct a radical pension reform and to change the individual retirement behaviour.

Moreover, quite in contrast to Germany, the unemployment pathway of early exit has not been stopped, pre-retirement benefits being still available for persons dismissed for operational reasons five years prior to retirement age. Blöndal and Scarpetta (1999: 46) have shown that not removing incentives to early exit in all sub-systems of social security invites evasive behaviour. On top of that, persons born before 1948 retire under the old pension system, in which accrual rates (Börsch/Supan; Schnabel 1999: 160) past the earliest age of entitlement to the old-age pension are negative and the labour/leisure choice is usually made on behalf of the second option.

As regards labour market reforms, a barrier to the prolongation of working life is the lack of a pro-active attitude of employment offices in cooperation with employers. Many officials in Germany do not know the available job promotion instruments, and cannot advertise them among employers (BmAS 2006b: xviii-xix; Eichhorst 2006a: 108). In Poland, that barrier was also named by one firm representative. Also the Polish jobcentre officials concern themselves as insufficiently suited for job promotion on behalf of ‘50pluses´ (Tokarz 2007b: 17-18) and are joined in this assessment by institutional experts (Perek-Białas/Ruzik 2004b: 435-6).

Occupational education of older workers in Poland and Germany is low compared to other OECD and EU countries (OECD 2005b; quoted after MPiPS 2008: 41). The Polish system of adult education is underdeveloped also in institutional terms (MPIPS 2008: 40-41). Educational vouchers which can be used for in-service training of older workers were introduced only recently. In Germany, similar subsidies are rarely known and used even rarer (Hartlapp/Schmid 2006: 171).
The higher employers’ organisation density and collective bargaining coverage in Germany is, on the one hand, a chance for concerted policy at branch level, which quite recently has brought about collective agreements on demographic change in the German steel industry and chemical industry. The lower degree of bargaining centralisation in Poland (20% as comp. to 47% in Germany; EIRO data), and the low frequency of bargaining within the Tripartite Commission (Socha/Sztanderska 2000: 184) leaves the establishment level as the main arena for bargaining on personnel policy issues (and, potentially, also on age management issues). That may, on the one hand, stabilise employment as it protects employers from overt demands of trade unions (ibid: 39). On the other hand, it diminishes the innovative potential of collective agreements in the field of age management (see section 3.2.4.), as with a smaller degree of bargaining centralisation, it is easier to push through regulations for whole branches instead of bargaining separately with each employer. And as the experience of other EU countries has shown, strong social partners have supported or initiated innovative legislative projects e.g. in the field of work ability and further training (Hartlapp/Schmid 2006: 170-4). By standard-setting, social partners in a coordinated market economy like Germany also encourage the transferability of skills within an industry (Hall/Soskice 2001: 25ff). Therefore, the results on that variable are equivocal.

The same conclusion applies to industrial relations at company level. Here, the higher workplace representation coverage in Germany (53% of workers when comp. to 22% in Poland; EIRO data) and the institution of co-determination account for the greater ability of employee representatives in German firms to protect workers and to voice integrative demands regarding e.g. further training. Works councils in German firms increase employment stability, foster retraining and are organisationally efficient in a way that they balance out employer’s and employees’ interests (Backes-Gellner et al. 1997: 328, 338; Hall/Soskice 2001: 25). But, on the other hand, employee representatives may voice greater demands for preserving the status quo e.g. on early exit (Orenstein 2000). The insider-outsider theory brings forward their negative effect on increasing the employment of marginal groups of the labour market (Lindbeck/Snower 1988: 243ff).

Another positive impact factor is EU influence on legislation in Poland and Germany. Both Poland and Germany are EU members, but due to different length of membership and more advanced convergence in Germany, the influence of EU regulations on legislation (and, via that channel, on company policy) is higher in the latter case. The country
differences in EU impact are visible in the fact that Germany has equalised retirement ages of men and women, while in Poland, that issue has been debated since 1997 but no legislative attempts have been made in the last years, and there is no obligation to do so (with the exception of third pillar pensions according to Directive 2006/54/EC).

According to neo-classical labour market theory, seniority wages diminish the recruitment and retention chances of older workforce (Soltdwedel/Spinanger 1976). The seniority principle is strongly developed in wage formation in Poland, in Germany only (till 2005) in the public sector, which locates a bigger barrier to the prolongation of working life in the Polish case.

While there is a strong legislative and collectively agreed protection of long-standing workers in Germany, workers in Poland are protected from dismissal only four years prior to the earliest retirement age. The government sees it as impediment to higher employment rates and proposes to shorten the period to the previously valid two-year span (MPiPS 2008: 19-20). However, 87 per cent of 650 private and civil service establishments surveyed in Poland did not perceive any negative employment effects of the longer protection period (Ipsos 2007: 40). Also with regard to the dismissal protection in Germany, the assessment is equivocal (contra: OECD 2005: 116, Eichhorst 2006a: 107-8; pro: Aust/Kremer 2007: 119-120, Naegele 1992: 379, Bosch/Knuth 2003: 137; Behrens 1999: 91), therefore it can neither be assessed as a barrier nor an opportunity for prolonged employment.

An ambiguous assessment also prevails with regard to the anti-discrimination legislation in Germany and Poland, as its impact is reduced by several exceptions which still make an ageist policy possible (Kocher 2005; Ruppert 2006; Sadlik 2007; Maniewska 2006). Nevertheless, the anti-discrimination legislation may raise the awareness of employers for latent discrimination and, by omitting age bars in job advertisements, encourage older job-seekers to apply. Moreover, a non-discriminatory working climate raises productivity and work morale (Dunn 2005: 70-72; Roßnagel 2008: 69-70).

A chance for the prolongation of working life is the declared political will in both countries to end the early exit trend (see the “National Strategy Reports” in FMoHSS 2005 and MSP 2005). Moreover, the disability pathway has been closed by applying medical criteria to the entitlement check. Early retirement in Germany is connected to malus payments. In Poland, a law abolishing early retirement for women and for workers in
certain professions born after 1968, which should have been legislated by 2002, was passed in December 2008 and is valid from January 2009.

**5.2. Determinants at Establishment Level**

In my studies at company level in Germany and Poland, I made out more barriers than opportunities to a prolongation of working life. Managers and employee representatives in many German and Polish firms still argue in the vein of the deficit thesis of old age and adhere to stereotypes of aged workers as being less innovative, less productive and less able in physical and cognitive respects. As a matter of fact, the change in older workers’ capabilities is not uni-directional (Lehr 2000; Naegle 1992) and inner-firm policies play a crucial role for their preservation, e.g. with regard to learning ability (Frerichs 2007: 73-4). Moreover, existing accounts of decreasing productivity in higher age brackets are linked solely to physical capabilities (BmFSFJ 2005: 207-8), while the productivity of older workers is subject to large inter-personal variance and decreases in singular capabilities are to a large extent compensated for by the increase in experience (Semmer/Richter 2004). However, in case of seniority systems in remuneration, the productivity-wage ratio for older workers is negative (Gelderblom et al. 2006).

In the behavioural and social sciences, the deficit model has long been replaced by the compensation model of Baltes and Baltes (1990). Moreover, it has been recognised that the performance of older workers is not uniform for the whole cohort, but dependent on personal and social factors, and also on the work environment (Becker 2008: 3-4). Still, in many firms, managers and employee representatives perceive the deterioration of capacities in the last third of the employment career as a given, which is either resolved with the help of externalising older workers or by applying protective measures.

Albeit a preventive approach to age management is spreading, personnel policy in most Polish and many German companies is characterised by a reactive stance and is lacking a pro-active approach. E.g., in Polish companies, health care services are offered to workers, but there is no focus on the prevention of work incapacity. In German companies, the legislator obliges firms to integrate impaired workers, but few firms pay attention to shaping work careers and workplaces in a way that burdens do not cumulate across the life span. Further differences become evident when comparing health management in Polish companies with that in German ones. Firstly, the focus in Polish firms is on the provision of health care and on the prevention of accidents, and secondly, behavioural and relational
prevention does not play a role yet (as it increasingly does in German firms). Thus, it can be ascertained that a sustainable health management is not taking place in Polish companies, which poses a barrier for the preservation of workability.

Another barrier is the lack of an integrative or holistic age management strategy encompassing all areas of personnel policy. If companies in my sample deal with age management, the focus is mostly on ‘soft’, qualitative measures like workplace health promotion, ergonomic design of workplaces or know-how transfer. ‘Hard’ areas of personnel policy which can be measured in quantitative terms – recruitment and employee exit – are not employed as a vehicle for the introduction of age management. Older workforce is recruited or retained past retirement age only in rare cases (e.g. for know-how transfer) and not as a part of an age management strategy. In those two personnel policy fields – recruitment and employee exit, even firms which employ ‘good practice’ measures in other areas of personnel policy diverge in the direction of ‘bad practice’, or at best, non-reaction and ‘muddling through’.

Another barrier to prolonged employment in most of the studied Polish and German firms is not taking account of the life course perspective. If age management policies are designed at all, they often have a palliative character and are designed for older workers as a group – e.g. sheltered workplaces, downgrading protection, extra holidays or exemption from certain work.

Moreover, institutional changes (labour market and pension policy) have shown only limited impact on the personnel policy of Polish firms. Reasons were the dominant role of structural factors (the situation on the labour market, sectoral changes and restructuring of Polish economy), the delay in the termination of early retirement, and the long phasing-in period of pension reforms. A common pattern in both countries was the priority assigned to labour shedding in times of unstable economic development and to restructuring (in the meaning of internal reorganisations of the firm or corporation). Those tasks overshadowed all other goals of personnel policy and even led to a stagnation or reversal of hitherto well-progressing age management policies.

However, a positive development, and a chance for the prolongation of working life, was the influence of the raising of retirement ages and of pension deductions on the agency of some German firms in the field of employee exit.

In the firm case studies, I however found also several opportunities (or rather: supportive conditions) for the prolongation of working life. A person committed to age management in the company, or the influence from abroad (e.g. in the case of German firms
with US American capital) were levers which supported the introduction of RM practices which benefited also older workers. Some interviewees from both countries also stated that older managers were more receptive to the needs of older workers. Good cooperation between the management and employee representatives also fostered age management and the prolongation of working life, except where it concerned early exit.

The impact of foreign direct investment on a firm’s personnel policy could best be studied on the example of Polish establishments. Research confirms that companies with foreign owners usually have a more innovative attitude to HRM reflected in a longer planning horizon, the existence of procedures regarding hiring and further training, lower reliance of wages upon tenure, the existence of occupational pension systems, and greater decision latitude given to the personnel department (Pocztowski et al. 2001; Pocztowski 2002: 20; Purgał 2002). Foreign acquisitions have also contributed to the aesthetic standard of Polish firms and to occupational safety and health (Jarosz 1997). The downside to foreign ownership or foreign shareholders in Polish companies are institutional legacies like hostility towards trade unions in US American multinationals, while German corporations export a corporate-governance-orientated management style (Edwards 2004: 395). Union coverage is very low among private firms and especially among greenfield investments (Kulpińska 2005: 2). Moreover, I learnt from some interviewees in Polish firms that greenfield investments do not hire older people at all and have a very low average age of the workforce.

EU regulations exert a positive impact on the standards in occupational safety. The EC Directive of 1989 (89/391/EC) defined the framework of occupational safety and set in motion respective legislative acts in Germany in Poland. EU laws oblige firms to conduct regular examinations of workplaces and initial training and re-training in case of redeployment in order to detect risks to health and prevent occupational accidents. In Germany, the Law on Occupational Safety included the new regulations only in 1996, inter al. by obliging employers to conduct workplace risk assessments. Health funds were empowered to conduct health promotion measures in companies, and a more binding Law on Prevention has been debated for years. Polish labour law has implemented that law in 1994. In Polish firms from my sample, those regulations have had repercussions only after the accession in 2004 (e.g. change of flooring so that fluids are no longer lingering, change

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63 There was also the case of a German company which established a diversity management system on the example of its US American owner.
from coal heating to gas and oil, raising of the roof so that fumes can escape, improving the hygienic standard and working conditions in food manufacturing companies).

Another chance to the prolongation of working life is that firms increasingly recognise the necessity of investing in older workers due to demographic change, corporate social responsibility, the concern for a positive brand image, and the more and more popularised knowledge that older workers are efficient if their potential is properly deployed. That proves the validity of the firm structural approach which made out three objectives with which personnel management is concerned – maximising performance, maximising the length of usefulness of labour, and maintaining continuity (Kohli/Rosenow/Wolf 1983: 30).

Other chances apply to singular country contexts. In Poland, workers are not excluded by force of the work contract to work past standard retirement age, and in fact, some firms take into consideration their continued employment and even hire retirees or pensioners. The skills shortages on the Polish labour market – due to mass migration of young, well-educated Poles to Western EU countries, the closing of vocational schools (reported by interviewees), in the long term also due to demographic change – currently increase chances for the recruitment of older workers, notably in the construction and health sectors. These factors, however, create only temporary opportunities for older workers to find a job. More sustainable effects can be achieved by including older workers and applicants to a greater extent in further vocational training and re-training.

What I regard as the most important outcome of my analysis at establishment level is that older workers are simultaneously regarded as flexibility resource and as potential for investment depending on the area of personnel policy. Among the 31 studied firms, there was none which adopted an integrative attitude towards older workers in all studied areas of personnel policy (although there were a few which adopted an externalising attitude throughout). That means that even those firms which have recognised the potential of older workers still pursue a rejuvenation of the workforce in order to achieve the optimum ‘age-mix’, and complement the legal retirement age with firm-specific retirement ages (Kohli/Rosenow/Wolf 1983: 33; Naegele 1992: 398). That proves both the validity of the firm-structural approach and of the neo-classical labour market theory. It shows that at best, in the next years, firms will stabilise at a mid-stage on the way to age management by integrating and promoting older workers already on the job, while keeping out older ‘outsiders’.
The firm case studies support the definition of ‘good practice’ as “the best available given particular national circumstances” (European Foundation 1998: 2). I evaluated good practice in relation to what other companies in the given national – and not international – context have achieved, as the institutional setting and the socio-economic history of a given country determine the opportunities for establishing such a policy at all. That is in accord with Maurice’s (1991: 84ff) recommendation to analyse the interrelations between micro and macro level in its (national) institutional and cultural context, before making international comparisons.

5.3. Determinants at Individual Level

The last level which I observed in the study of barriers and opportunities to the prolongation of working life is the level of the individual worker. The individual is, on the one hand, influenced in its labour/leisure choice by incentives set by national social security and assistance systems, by the agency of firm actors, and by his/her own intrinsic motivations to spend time e.g. with the family or by pursuing favourite pastimes (see Fig. 2 in chapter 2.).

My analysis revealed that retirement preferences, or ideas about the optimum retirement age are, firstly, linked to informal institutions (in the Polish case – the alternative role of ‘grandmothers’, and the opinion of early retirement for women being a compensation for the uneven distribution of household chores; in the German case – the belief that older workers have to step aside in order to make place for the young), secondly, to existing institutional opportunities, and, thirdly, to company agency. If workers are deployed in monotonous tasks, not promoted, excluded from training, and confronted with negative attitudes about their performance, they orient themselves towards an early exit. In such cases, it is difficult to distinguish between voluntary and involuntary exit. My qualitative analysis attempted to reveal that ‘black box’ of company agency and its role in those processes. Voluntary and involuntary causes for early exit intermingle also in the collusion of the interests of workers, employee representatives and the management at the forefront of personnel reductions.

However, another barrier to longer working lives are the inherent values and ideas of individuals on the optimum age of exit, the available institutional levers for early exit and social norms. As for the first ones, individuals may be moved to stay in employment if
innovative ideas of work-life balance spread at firm level and allow them for meeting their labour/leisure expectations at the same time. Scholars have since long voted in favour of a simultaneous – instead of subsequent – structuring of life phases (Deller et al. 2008: 142ff). In a situation of value change in Western industrialised nations when the importance of duty, on the one hand, and the opportunity to pursue one’s personal interest, on the other hand, as drivers for work motivation is reshuffled (Kühlein/Böhle 2002: 96), this recommendation is valid even more.

As regards pull factors, a chance to prolong working lives rests in the fact that institutional changes, which aim in the direction of cutting existing early exit patterns and imposing malus rules on those who nevertheless want to exit early, are beginning to show effect on both the actual behaviour of individuals and on their preferences. However, the impact is more visible in the case of Germany as respective reform elements have come into force at an earlier time.

However, even then, structural factors have determining power. In times of tight labour markets (which have been, after a first one-year long recovery, put under more pressure after the stock-market crash in late 2008), firms will still make decisions in the realm of employee exit policy to the detriment of older workers, and the workers concerned will accede to it for reasons of peer pressure and the preference for the status of early retiree instead of being unemployed (Naschold et al. 1994b: 153). Especially in Poland, as the firm case studies have shown, workers are willing to accept a lower pension level in order to escape the risk of unemployment and for reasons of peer pressure.

The gender-specific exit preferences which are shaped both endogenously and exogenously also hinder the prolongation of working life. In opinion surveys, women in both countries have opted for a lower retirement age than men (Zgierska 2007: 7; Engstler 2004: 13); the differences between the sexes are higher in Poland. My establishment-level studies have revealed that there is a collusion of interests in Poland to use early retirement for women as a vehicle for early exit e.g. in times of restructuring. This is reflected at aggregate level in an average exit age of Polish women which is four years lower than that of German women and of Polish men (Eurostat data from 2007). Those cross-national differences can be explained with social norms related to gender and family. In Germany, the dominant cultural model of family is “male breadwinner/female part-time carer model”, which is reflected in a high share of female part-time workers caring for children. In Poland, childcare is to a great degree facilitated by involving grandparents – the dominant
family model is one of “dual breadwinner/extended family care” (Pfau-Effinger et al. 2009: 195, 199).

The intermingling of different factors demonstrates at individual level – as has been already the case at institutional and company level – that “it is not enough to manipulate single parameters”, and that successful public policies have to address both supply and demand policies and “to address the challenge of an ageing workforce early on in the life course and aiming at achieving equality between the sexes” (Hartlapp/Schmid 2008: 25).

5.4. Conclusions

The findings presented in the previous three sections (5.1. – 5.3.), which condense information from the chapters 3 and 4 of this study, allow us to make an informed guess of what will be the future status of labour market integration of older workers in Poland and Germany. Can the current employment rates of older workers and the average age of retirement be raised in Poland and Germany? Will the firms´ personnel policy in both countries correspond with the aim of the legislator to prolong working life?

With regard to the institutional factors of early exit, the development of national policy in the realm of labour market and pensions already points in the right direction. However, the institutional framework is more favourable in Germany than in Poland. With regard to personnel policy, much is still to be done before the firm level becomes a place where older persons may extend their working lives. So far, only (some) German firms have adopted integrative age management strategies, while Polish firms are at the stage of developing HRM strategies spanning several personnel policy fields which have so far been underdeveloped. At individual level, it can be observed that Poles are still orientated towards a low retirement age, while Germans have adapted their preferences across the years to changed institutional circumstances. However, the insight gained into adaptation patterns of older workers has shown that the orientation of Poles on early exit is shaped – even more than is the case in Germany – by a mixture of push and pull factors. Given the continuing labour shedding processes in Polish firms, a halt to that trend is hardly to be achieved.

In short, the chances for a prolongation of working life are better in Germany, and I assume that the trend cannot be halted anymore, while in Poland, the direction and pace of the development is still unclear. Albeit the chances for a more age-friendly, or at least long-
term orientated, personnel policy rise with the spread of foreign investment and increasing EU influence, the eventual impact upon retirement transitions rests on a number of factors which are hard to forecast, the most important of them being the future shape of governmental coalitions (which change very quickly in Poland) and their political decisions\textsuperscript{64}, the development of the overall economic situation, and the duration and extent of future transformation processes in the Polish economy and on the Polish labour market.

\textsuperscript{64} That those are unpredictable can be demonstrated on the example of recent political arguments on the question of bridging pensions. After subsequent Polish governments have for several years tinkered around with various reform proposals (for an overview, see Aleksandrowicz 2007: 337-9), a final draft of law was presented before the Parliament in December 2008. However, President Lech Kaczyński has exercised his power of veto in order to stop the law on bridging pensions on ground of "unfairness". ("Prezydent: Weto dla 'pomostówek", Gazeta Wyborcza 15.12.2008. Finally, the governing parties PO and PSL convinced the post-communist SLD to support the vetoed law in most parts, which was passed at last on Dec. 18\textsuperscript{th}, 2008.


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Weeklies

Annex A: Interview Guidelines

(Example: Interview Guidelines used in Germany during the first interview wave in 2004)

Interviewer: Paula Aleksandrowicz

Date: / Time: / Organisation: / Interviewee:

Way of arranging the interview:

Preliminary information on the firm:

Own material on the firm:

**Guideline**

- Short presentation of the project
- Goals of the interview and means of utilisation
- Confirmation of anonymity
- Asking whether interview might be recorded

**Warm-Up**

- Purview of the interviewee
- Areas of business of the firm, market situation, current problems
- Can an impact of the demographic change on the firm be currently made out? How does the firm deal with that and in what departments?
- What sectoral, company and works council agreements are valid in the firm and have an impact upon the employment situation of older workers?

**Older workers in the organisation**

- Number of employees, age structure of the workforce
- How would you define an ‘older worker’?
- What do you perceive as the pros and cons of older workers?
- What are the working conditions of older blue- and white-collar workers? Do working conditions make a continuation of working life until the 65th year feasible?
- How is the situation dealt with in your firm when an older worker is not capable of working until his/her 65th year?

**Personnel policy towards older workers**

- General direction of personnel policy towards older workers:
  - *age-blind policy; older workers do neither benefit nor suffer from age-diverse treatment;*
  - *protective measures focused on older workers (protection against dismissals, seniority wages, ...)*
  - *older workers are preferentially laid off and sent on early retirement;*
  - *
- Does your firm pursue singular personnel policy measures which treat older and younger workers in a different way? What are the reasons? Possible measures are:
  - *seniority wages; → according to what criteria are the wages calculated? What is the wage structure in your firm, e.g. what is a blue-collar/a white-collar worker paid at the age of 55?*
  - *protection against downgrading (demotion);*
- protection against dismissals;
- staffing of singular positions predominantly with younger or older workers;
- internal age thresholds for singular positions?

• In your opinion, what are the main fields of action with regard to the goal of labour market integration of older workers?
  - recruitment;
  - dismissals;
  - the job profile;
  - job rotation;
  - flexibilisation of working time;
  - promotion;
  - teamwork;
  - remuneration;
  - in-service training;
  - ...

• Does your firm pursue certain innovative measures which aim at a better integration of older workers?
• Does your firm utilise certain active labour market measures in order to recruit or train older workers? E.g.:
  - integration grants;
  - subsidy to the unemployment insurance when recruiting a worker aged 55 or older;
  - time-limited employment of workers aged 52 or older;
  - job-creation measures (ABM)?
  - early retirement scheme;
  - ...

• Has the recent labour market legislation had an effect on the personnel policy of your firm towards older workers, or will it presumably have an effect in the future? E.g.:
  - the termination of §428 Social Code Book III as of 2006 (facilitated receipt of the earnings-related unemployment benefit);
  - shortened period of receipt of the earnings-related unemployment benefit for older workers from 32 to 18 months as of Feb. 2006;
  - expiry of the obligation to reimburse the jobcentre for the unemployment benefit paid to dismissed older workers (by Feb. 2006);
  - narrower range of criteria in case of social selection during dismissals (the criterion of labour market chances of the person to be dismissed is dropped);
  - ...

• What (possible) need for action do you perceive with regard to the situation of older workers in your firm or the ageing of the firm’s workforce?
• What do you perceive as the main barriers towards pursuing those fields of action?
• What should change on the collective bargaining or statutory level in order to facilitate personnel policy towards older workers in your firm?
  
  **Personnel reductions**

• Has your firm gone through large personnel reductions in the last 10-15 years? What was the procedure of dismissals, what groups of workers were affected, what were the framing conditions (natural turnover,
early retirement scheme, freeze on new hiring, freeze on filling vacancies, redundancy payments scheme, cancellation agreements, outplacement services)?

**Exit from Employment**

- Do older workers leave your firm usually upon filling standard retirement age, or earlier? Along what pathways does that happen? E.g.:
  - dismissals;
  - giving in one’s notice;
  - standard old-age pension;
  - seniority pension (‘flexible retirement age’);
  - early retirement scheme;
  - pre-retirement scheme;
  - work incapacity pension;
  - old-age pension for women;
  - ‘57 rule’;
  - …?

- Is there a latent age threshold in your firm upon reaching which older workers usually leave?

- In your opinion, what are the reasons for the early/regular/late exit of older workers from your firm?

- How have the pathways of exit from your firm evolved during the last 10-15 years? [Ask the firm for numbers of persons participating in the early retirement scheme and for general turnover statistics]

**Early retirement options provided by the firm**

- What pathways of early exit are provided by your firm? What are the framing conditions (e.g. blocked or part-time model of the early retirement scheme, duration of the ATZ contract, maximum quota of persons participating in ATZ, compensation for pension deductions, redundancy payments, wage increases within the ATZ contract, assessment basis for the contribution to the old-age pension insurance)? Are ensuing vacancies generally filled?

- To what extent are those measures utilised by the employees? [Ask for statistical data!]

- Did your firm make use of the pre-retirement scheme or the ‘59 rule´ in the past?

- Usually, who initiates early exit – firm representatives or the employee? What are the reasons for that? Why is the firm/the individual worker interested in early exit?

**Impact of legislative regulations upon early exit**

- Have pension reforms altered early exit behaviour and preferences of workers in your firm?

- Has the personnel policy in your firm reacted to that altered early exit behaviour or preferences?
  - no;
  - yes, in the form of better integration of older workers;
  - yes, in the form of larger incentives to early exit, e.g. in the form of higher severance payments;
  - …?

- Have past or currently debated pension reforms had an impact upon early exit pathways offered by your firm, or do you expect an impact thereof in future?

- Is a replacement to the early retirement scheme about to expire by 2010 currently discussed in your firm? Does the debated model consider the divergent career paths of men and women?

- How should the pension system look like (e.g. with regard to the early retirement scheme) in order to facilitate personnel policy towards older workers in your firm?
In your opinion, are there alternatives to early exit and dismissals of older workers which would reconcile both workers` and corporate interests?

**Occupational old-age pension provision**

- Does your firm support savings into an occupational pension plan? What form does that support take (e.g. an own occupational pension plan or contributions to an external second-pillar scheme)?
- What models of deferred compensation (Entgeltumwandlung) does your firm support?
- How is the occupational old-age pension level calculated in case of early exit? When is the earliest take-up of that pension possible?
- Do you perceive any connection between early exit and occupational old-age pension provision supported by your firm?
- Are periods of child-care leave counted as years of service and does the firm pay contributions to the occupational pension plan during that time?
- Do you cooperate with any consultancy firm on matters of occupational old-age pension provision?

**END OF THE INTERVIEW / Needed data**

- May I contact you again in two years in order to track changes in your firm`s personnel policy?
- Could you please provide me with the following data:
  - company and personnel report;
  - completed short firm questionnaire [see next page]; statistical data on the age structure of your firm and on exit pathways;
  - results of personnel surveys (if any), any documentation of age management measures;
  - collective agreements and works council agreements on personnel policy matters touched upon in this interview?
Annex B: Short Firm Questionnaire

(Example: Interview Guidelines used in Germany at the first interview wave in 2004)

Complementary statistical data for firm case studies

Name of the firm, main location

_______________________________

Branch affiliation

____________________

Number of locations

Germany ___________ of which: manufacturing sites ___________

Affiliation to a corporation/name of owner

______________________________

Number of employees (at studied location)

2003 ____________ 1995 ____________

Share of occupational groups (in %)

White-collar workers __________ Blue-collar workers __________

Changes in number of employees

2003 to 2002_______________________


____________ __________

Share of older workers participating in the early retirement scheme (2003)

Total ________ Women ________ Men ________

Share of severely disabled persons ________

Average age of workers

2003___________ 1995___________

Age structure of the workforce at the studied location in 2003 (in numbers of persons or in %)

Up to 24 years___________ men___________ women___________

25-29 __________ men___________ women___________

30-34 __________ men___________ women___________

35-39 __________ men___________ women___________

40-44 __________ men___________ women___________

45-49 __________ men___________ women___________

50-54 __________ men___________ women___________

55--59 __________ men___________ women___________

60-64 __________ men___________ women___________

65+ __________ men___________ women___________
Exit of older workers from the firm at studied location (in numbers of persons or in %)

At the age of 60; 2003 ___________ 1995 _______________
At the age of 61; 2003 ___________ 1995 _______________
At the age of 62; 2003 ___________ 1995 _______________
At the age of 63; 2003 ___________ 1995 _______________
At the age of 64; 2003 ___________ 1995 _______________
At the age of 65; 2003 ___________ 1995 _______________

Turnover statistics at studied location in 2003 (in numbers of persons or in %)

standard old-age pension, old-age pension for women, for severely handicapped persons or seniority pension ___________
Early retirement scheme ___________
Pre-retirement scheme ___________
Disability pension ___________
Giving in one’s notice ___________
Dismissal ___________
Other pathway ___________

Collective bargaining
Coverage (yes/no) ______
Name of employers’ association ____________________________
Name of trade union ____________________________
Works council in the firm (yes/no) ______
Annex C: Constructing Firm Typologies

Germany

I constructed an index which took into account the policy of the firms with regard to recruitment, the termination of the work contract, further training, and health and integration management.

‘Internalisation’ in recruitment denoted an assessment of the applicants’ aptitude for the position solely based on qualification (no case), a ‘medium-internalising position’ denoted equal chances of all workers with the exception of some areas (Firm DE-1, Firm DE-9, Firm DE-11), a ‘medium-externalising position’ – some chances for older applicants (Firm DE-2, Firm DE-4, Firm DE-7, Firm DE-12, Firm DE-13), and ‘externalisation’ - not hiring of older persons (Firm DE-3, Firm DE-6, Firm DE-10, Firm DE-14).

‘Internalisation’ in further training denoted equal access given to workers of all ages, a requirements planning/qualification plan for all workers, and a works council agreement on further training (Firm DE-3, Firm DE-10, Firm DE-12), a ‘medium-internalising position’ - equal access to workers of all ages and a qualification plan for all workers or annual appraisal interviews in which qualification demand is also assessed (Firm DE-4, Firm DE-11), a ‘medium-externalising position’- undeclared rule of access to further training, and/or measures implemented ad hoc acc. to internal demand or request by workers (Firm DE-1, Firm DE-2, Firm DE-6, Firm DE-9), ‘externalisation’- older workers excluded from further training (with the exc. of renunciation on their part), or no further training at all (no cases); Firm DE-7, Firm DE-13 and Firm DE-14 could not be assessed here and were therefore assigned a medium value.

With regard to health and integration management, I assigned an ‘internalisation’ value if the firm had a works council agreement on health management or workplace health promotion or a steering committee on that issue, if workers inflicted by a health impairment on the job were integrated at easier workplaces, and if the preservation of workability is a goal in the assessment of both the HRM and the WCM (with the exception of firms with workplaces suitable for work until standard retirement) (Firm DE-2, Firm DE-10, Firm DE-13), ‘medium-internalising position’ – if one of those criteria was not fulfilled (Firm DE-1, Firm DE-3, Firm DE-4, Firm DE-7, Firm DE-13, Firm DE-14), a ‘medium-externalising position’ – if there are measures of behavioural prevention and ergonomic improvement of workplaces, but once work incapacity has occurred, externalisation is the preferred measure (Firm DE-6), ‘externalisation’ – if health management was not pursued at the time of the study, easier workplaces were provided only in exemplary cases, and externalisation was the casual measure of dealing with impaired workers (Firm DE-9, Firm DE-11); Firm DE-12 could not be assessed and was therefore assigned a medium value.

Finally, with regard to the termination of the work contract, such firms were assigned the highest value which allowed the worker to decide on the timing of exit (no cases, as all German firms had a regulation that the work contract is automatically terminated upon reaching the standard retirement age), a ‘medium-internalising position’ - firms which (with the exc. of that regulation) allowed older workers to determine the timing of exit and the form of exit and even tried to retain some older workers (Firm DE-1, Firm DE-2, Firm DE-4, Firm DE-6, Firm DE-12), a ‘medium-externalising position’ – firms which were actively pushing out older workers but gave them the final decision whether to accept that offer or not; that assessment is a little biased, as only in those firms which conducted personnel reductions a thorough assessment was possible (Firm DE-10, Firm DE-11, Firm DE-13), and ‘externalisation’ – firms which determined the timing of exit of older workers, whether during personnel reductions or not (Firm DE-3, Firm DE-7, Firm DE-9, Firm DE-14; see Table 18 in section 4.2.6.).

The firms were assigned numerical values in each of those personnel policy fields (0 ‘externalisation’; 1/3 - ‘medium-externalising position’; 2/3 - ‘medium internalising position’; 1 ‘internalisation’). The value of the index for each firm, which can be read off from Figure 14, was computed by adding those numbers together. As a result, firms which are depicted in the area ‘integration’ have values between 3 and 4, firms with overall ‘medium-internalising policies’ have reached values between 2 and 2/3, firms with ‘medium-externalising policies’ have values between 1 and 1/3 and firms in the area ‘externalisation’ have values between 0 and 2/3.

The values in the lines regarding the complexity of HRM policy (‘age management strategy’ vs. ‘muddling through’) are based on Table 16 in section 4.2.2. which visualised in how many HRM fields the studied firms are active. If the firm pursued 0 till 2 personnel policy fields with regard to older workers, it was assigned the value ‘muddling through’. If it pursued 3 personnel policy fields with regard to older workers, it was assigned the value ‘rather reactive orientation’, in the case of 4 personnel policy fields - ‘rather strategic orientation’, and in the case of 5 or more fields - ‘age management strategy’.
Poland

I constructed an index which took into account the policy of the firms with regard to recruitment, the termination of the work contract, further training, and health and integration management.

‘Internalisation’ in recruitment denoted an assessment of the applicants’ aptitude for the position solely based on qualification (Firm PL-7 as of 2006), a ‘medium-internalising position’ denoted equal chances of all workers with the exception of some areas (no cases, as those firms which claimed an age-blind recruitment policy in theory factually only seldom recruited persons above 49), a ‘medium-externalising position’ – some chances for older applicants (Firm PL-1, Firm PL-6, Firm PL-10, Firm PL-11, Firm PL-12, Firm PL-13, Firm PL-14, Firm PL-15, Firm PL-16, Firm PL-17), and ‘externalisation’ - not hiring of older persons (Firm PL-2, Firm PL-4, Firm PL-8, Firm PL-9).

Internalisation’ in further training denoted equal access given to workers of all ages, a requirements planning/qualification plan for all workers, and codification in the Collective Agreement or social plan (Firm PL-9, Firm PL-16), a ‘medium-internalising position’ - equal access to workers of all ages and a qualification plan for all workers or annual appraisal interviews in which qualification demand is also assessed (Firm PL-1, Firm PL-2, Firm PL-10, Firm PL-14), a ‘medium-externalising position’ - undeclared rule of access to further training, and/or measures implemented ad hoc acc. to internal demand or request by workers (Firm PL-7, Firm PL-8, Firm PL-12, Firm PL-15, Firm PL-16), ‘externalisation’ - older workers excluded from further training (with the exc. of renunciation on their part), or no further training at all (Firm PL-4, Firm PL-6, Firm PL-11, Firm PL-13).

With regard to health and integration management, the assessment criteria differ from the German case and were adapted to the Polish situation. I assigned an ‘internalisation’ value if the firm included a regulation on those matters in the Collective Agreement at firm level or a social plan, if health management included measures beyond the obligatory ones, and if workers inflicted by health impairments on the job were re-integrated at easier workplaces (Firm PL-4, Firm PL-8), a ‘medium-internalising position’ – if there was no codification in any agreement with the employee representatives, but the other two criteria were fulfilled (Firm PL-1, Firm PL-14), a ‘medium-externalising position’ – if the firm provided extended health care services, but integration management was deficient – once a work incapacity has occurred, externalisation is the preferred measure, or vice versa (Firm PL-2, Firm PL-6, Firm PL-7, Firm PL-9, Firm PL-12, Firm PL-15, Firm PL-16, Firm PL-17), ‘externalisation’ – if health management was not pursued at the time of the study, easier workplaces were provided only in exemplary cases, and externalisation was the casual measure of dealing with impaired workers (Firm PL-10, Firm PL-11, Firm PL-13).

In the field of employee exit, such firms were assigned the highest value which allowed the workers to work past standard retirement age if they so wished (Firm PL-1, Firm PL-7 as of 2006), a ‘medium-internalising position’- firms which allowed older workers to determine the timing of exit and gave them the opportunity to work until standard retirement age (Firm PL-8, Firm PL-10, Firm PL-14, Firm PL-16), a ‘medium-externalising position’ – firms which were actively pushing out older workers but gave them the final decision whether to accept that offer or not, or where interviewees gave an equivocal account on that practice (Firm PL-2, Firm PL-6, Firm PL-9, Firm PL-12, Firm PL-15, Firm PL-17), and ‘externalisation’ – firms which determined the timing of exit of older workers (Firm PL-4,Firm PL-11, Firm PL-13; see Table 22 in section 4.3.6.).

The rules for computing the numerical values are the same as in the case of German firms.

The values in the dimension ‘HRM strategy’ vs. ‘muddling through’ were derived from Table 21 in section 4.3.2. If the firm was active in 0-2 HRM fields, it was classified as practicing ‘muddling through’ policies, 3 HRM fields – as pursuing a ‘rather reactive orientation’ in personnel policy, 4 HRM fields – a ‘rather strategic orientation’, and if the firm was active in 5 or more HRM fields, I assigned it the value of ‘HRM strategy’.

Comparative Analysis

Figure 14 in section 4.4. condenses information from Table 19 (section 4.2.10.) and Table 23 (section 4.3.10.). The scaling on the X-axis is more detailed in order to prevent a visual overlapping of firms – firms are denoted there with the absolute number (e.g. 1.66, 0.33) instead of variable value (where 0.33 would be 0, and 1.66 would be 1), ‘0’ on the X-axis denotes ‘externalisation’, ‘1’ till ‘1.66’ – a ‘medium-externalising position’, ‘2’ till ‘2.66’ – a ‘medium-internalising position’, and ‘3’ – ‘internalisation’. The lines on the Y-axis denote ‘muddling through’ (0; it is raised above the cutting point as otherwise there would be too little space to place all firms with this value), a ‘rather reactive orientation’ (1), a ‘rather strategic orientation’ (2) and ‘HRM strategy’ (resp., in the case of German firms, ‘age management strategy’).