

The Management of an Ageing Workforce: A Comparative Multi-level Assessment of Organizational Policies and Practices in Germany and the UK

Michael Muller-Camen,

Matt Flynn

Heike Schroder

Middlesex University London



Age Management: The Start of My Journey



„The last German:
On the road towards
a gerontocracy“



ESRC Project Overview

- “Age diversity at the workplace: A comparative study on the influence of national institutions on employers’ age management practices” 01.09.2007 – 28.02.2009
- Grant holder: Prof. Dr. Michael Muller-Camen and Dr. Matt Flynn, Researcher Heike Schroder
- Research Questions
 - How are employers, the state and other stakeholders responding to the “age challenge”?
 - To what extent are approaches to age management in Germany and the UK driven by international influence factors or by national institutional characteristics?

ESRC Project Methodology

- Twenty expert interviews with national stakeholders
- Four plus four case studies of comparable organisations in the UK and Germany
 - All except one known for recognition of demographic problem
 - Sectors: Chemical, Schools, Steel, Retail
 - 66 Semi-structured interviews with HR managers, line managers, local trade union or works council representatives, industry experts
 - 12 focus group interviews with workers aged 50plus (chemical engineers, teachers, steel workers, front-line retail staff)



Institutions and National Differences

- New institutionalism in organizational analysis suggests that in order to ensure their survival, organizations must comply with the institutionalized expectations of their environment and adopt the expected structures and practices (DiMaggio and Powell, 1983; Meyer and Rowan, 1977; Zucker, 1977).
- Application of institutional theory to problems of international management by comparative institutionalism



Divergence and Convergence

- The institutional context and labour market institutions in particular have an impact on Human Resource Management and lead to international **divergence** (Muller 1999).
- Globalisation, the international transfer of management practices and the dominance of the US business system result in partial **convergence** (Muller-Camen et al. 2004, Almond et al., 2005).



Institutional Framework for Age Management

“Liberal market” UK economy (Hall and Soskice 2001)

Variety of occupational and private pensions
Importance of external labour markets
Low employment security

Relatively weak trade unions

“Co-ordinated market” German economy (Hall and Soskice 2001)

Dominance of state pension
Strong internal labour markets in most large organisations
Relatively high employment security, but insider-outsider labour market
Collective bargaining and co-determination



Attributes of HR policies and practices affecting older employees (Taylor and Walker 1998)

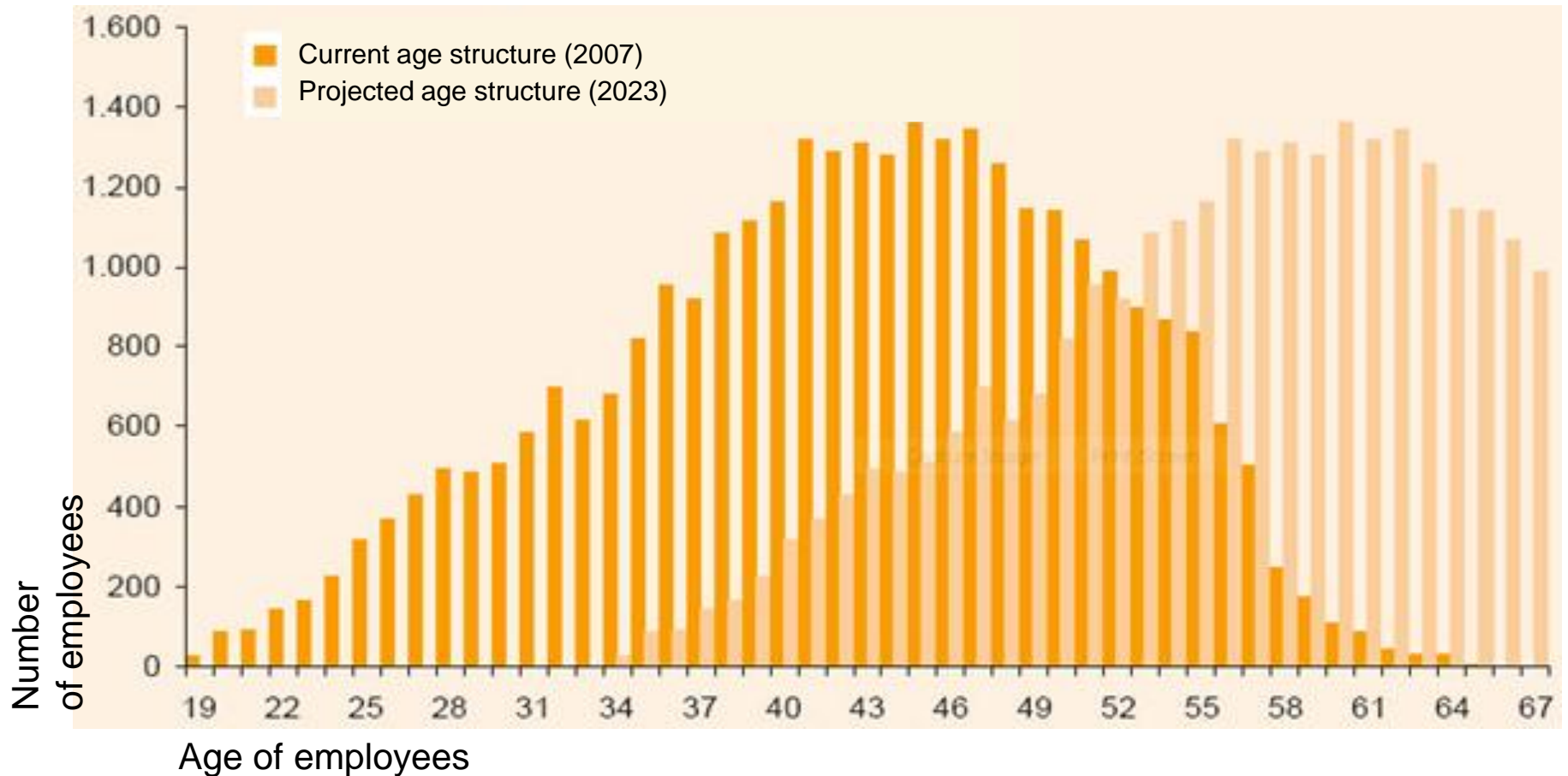
- Orientation
 - perceived need for an age management policy
 - policy based on the integration or exclusion of older people
- Depth of commitment
 - employers' commitment to age management policy
 - degree to which policies are formalised
- Scope and coverage:
 - extent to which HR policies relating to older workers cover the entire workforce versus the targeting of specific groups
 - degree to which policies are generalised or older worker specific
- Implementation
 - is senior management active or passive in implementing HR policies toward older workers?
 - extent to which policy implementation is partial or extensive

Chemical Firms: Comparison of Contextual Factors

| UK Chemical | GermanChemical |
|------------------------------------------------------------------------|--------------------------------------------------------------------------|
| No trade union recognised | Social partnership / 2008 Collective bargaining demographic change |
| “Grow from within” culture (up or out) / global internal labour market | Internal Labour Market |
| Continued early retirement via occupational pension scheme | Closure of state-subsidized early retirement routes |
| Young-age centred workforce structure | Compressed age structure (→ old-age centred) |



German Chemical: Age Structure



German Chemical: The Strategic Concept

- Comprehensive age-positive HRM scheme at German chemical developed since 2005, currently negotiated with works council)
 - Analysis of age structure
 - Employability (HRD, health and safety, work organisation)
 - Recruitment (employer of choice, schools leavers, graduates)
 - Performance management (productivity in old age)
 - Culture change and communication



German Chemical and Demographic Change: The View of Engineers

- Assumption that early retirement will not be possible any more (except for senior management); No examples of engineers / managers that are 60plus
- Future of generational psychological contract ? (low income at start of career, small salary increase for promotions vs. employment stability and seniority pay)
- Experience and networks are strength of older engineers, but question whether people can keep up with work pressure (project work), intensive travelling requirements and technological developments until 67
- No flexible retirement, no part-time work culture (block model, expectation that working hour flexibility is not used), but some change on promotion (age limit) culture

UK Chemical: Relevant Company Policies

- Recruitment policies focused on new graduates
- Generous defined-benefits company pension scheme
 - Pensionable retirement from 55; full pension from 60
- Strong diversity management policy (influence of US parent)
 - Employee networks to champion HR policies for “minority groups” (not on age though)
 - Emphasis on gender and ethnicity
 - Recognition of emerging business case for age diversity



Comparison of Steel Case Studies

| German Steel | UK Steel |
|--------------------------------------------------------------------------------------------------|--------------------------------------------------|
| Strong unions and works councils | Strong local unions and shop stewards |
| Downsizing since 1970s | |
| Physically intensive work – 24/7 shifts | |
| 2005 agreement- Generational offensive: Health, training, ergonomics, work organisation | Preserved early exit via occupational pension |



Comparison of School Case Studies

| German Schools | UK Schools |
|-------------------------------------------------------------|-----------------------------------------------|
| Teacher shortages, U-shaped age structure, High work stress | |
| Closure of early retirement routes | |
| Institutionalised working hours flexibility options | Flexibility based on head teacher decision |
| No employment alternatives | Alternative career options |
| No systematic age management yet | |



Comparison of Retail Case Studies

| German Retail | UK Retail |
|-----------------------------------------------------------|------------------------------------|
| Lower labour turnover than UK Retail | High labour turnover |
| Flexible hours (Extent and timing) for shop floor staff | |
| Some recruitment of older workers | Age champion regarding recruitment |
| Occupational health and absence management as key drivers | Diversity management as key driver |



Attributes of Policies and Practices in Sample

| | UK Chem. | D Chem. | UK Steel | D Steel | UK Retail | D Retail | UK School | D School |
|----------------------------|-------------|------------|-------------|------------|--------------|-------------|--------------|-------------|
| Orientation | | | | | | | | |
| Proactive vs. reactive | P | P | R | P | P | P | R | R |
| Inclusion vs. exclusion | E | E → I | E | E → I | I | E → I | I | E |
| Depth of commitment | | | | | | | | |
| Strong vs. weak | W | S | W | S | S | W → S | W | W |
| Formal vs. informal | I | F | I | F | I → F | I → F | I | I |
| Scope and Coverage | | | | | | | | |
| Comprehensive vs. limited | L | C | L | C | C | L | L | L |
| General vs. Older specific | G | G | G | G | G | G | G | G |
| Implementation | | | | | | | | |
| Extensive vs. partial | P | P | P | P | P | P | P | P |
| Active vs. passive | P | A | P | A | A | A | P | P |



Change Pressures in Sample Firms

- Similarities
 - Legislation is not major change driver
- Contextual factors mediating reaction
 - Strength of internal labour markets /employment security
 - Extent of company pension schemes (vs. State pension)
 - Collective bargaining and trade union influence
 - Importance attached to diversity management



Theoretical Implications

- Demographic change exerts pressures for convergence (e.g. in legislation and effective retirement ages)
- Different institutional environments of Britain and Germany lead to path-dependent solutions
- Examples of the German chemical and steel industries in particular demonstrate relatively strong capability of institutions to adapt to needs of key employers (Streeck & Thelen 2005)
- Path-dependency not only at the macro level of the industry, but also at the micro-level of organizations as predicted by Morgan (2005)

Further Research

- Quantification of Results (Comparative Analysis of WERS and IAB Data, cooperation with University of Bamberg)
- Closer Analysis of Individual Level (PhD research examining life courses of twenty British and German teachers)
- Extension to Japan (Three country comparison led by Matt Flynn)



Papers so far

- Muller-Camen, M., Flynn, M. and H. Schröder (2010) National Institutions and Employers' Age Management Practices in Britain and Germany: 'Path Dependence' and Option Creation, to appear in *Human Relations* Special Issue "Beyond the enterprise: Broadening the horizons of international HRM"
- Flynn, M., Muller-Camen, M. and H. Schröder (2009) Demographic Change and Industrial Relations: How trade unions and employee representatives in Britain and Germany deal with the challenge of an ageing workforce, *BJIR Workshop in honour of Richard Hyman*, LSE London, May 28.
- Muller-Camen, M., Flynn, M. and H. Schroder (2009) The Management of an Ageing Workforce: A Comparative Multi-level Assessment of Organizational Policies and Practices in Germany and the UK, *Dutch HRM Network Conference*, Amsterdam, November 13-14.
- Schröder, H., Hofäcker, D. and M. Muller-Camen (2009). HRM and the employment of older workers: Germany and Britain compared. *International Journal of Human Resource Development and Management*, 9, 2-3: 162-179.

Thanks for your attention

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