

Alternatives to early retirement? Flexibility and security for older workers in the Netherlands, Denmark, Germany and Belgium

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Abstract

This paper reports the findings of a comparative survey on flexibility and security for older workers in the Netherlands, Denmark, Germany and Belgium. The respondents are 3458 personnel managers at the firm level (50+ employees) in four selected branches (education, public administration, transport and iron/metal industry). In all four countries, as well as numerous other OECD countries, early retirement pathways are under reform, restructuring or even dismantlement. As the workforce is “greying”, and youth cohorts entering the labour market are shrinking, there is widespread fear of inadequate labour supply in the near future. Therefore, eligibility criteria, benefit levels, duration periods etc. are restricted to avoid early labour market exit. At the same time, the European policy agenda pushes for postponing retirement, and increasing the participation and employment rates of older workers. This, however, requires a “senior-friendly” labour market, where flexibility and new forms of security for older workers are combined.

Our findings in the survey suggests that there are indeed alternatives to early retirement by arrangements in HRM that give options for flexibility and security for workers aged 50+ (e.g. options for reduced working time, part-time work, bridge jobs, flexible retirement options), but that they are seldom used by older workers. We also find a number of differences between the four countries. Danish and Dutch firms seem to be more proactive and preventive in their approach to retaining and recruiting older workers, while German and Belgian firms to a higher extent seem to stick to the traditional early retirement pathways. We conclude that in order to increase participation and employment rates of older workers, firms need new types of combinations between flexibility and security, which in essence implies a shift towards employment and combination security (e.g. lifelong learning, active labour market policies, and gradual retirement options).

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1. Flexicurity and older workers

The fundamental idea of the flexicurity concept is that flexibility and security are not contradictory, but mutually supportive and complementary (Wilthagen 1998; Wilthagen & Tros 2004; Bredgaard et al 2005; Lesche et.al 2006). The main hypothesis is that increasing labour market flexibility and worker mobility does not come about without certain levels and degrees of security. Security, however, can be envisaged as going beyond traditional job- and income security and towards new forms of employment (or employability) and combination security (work-life balance). In contrast to the traditional capital-labour nexus, the new flexibility-security nexus, moreover, suggest that flexibility is not the monopoly of the employers, while security is not the monopoly of the employees.

In modern labour markets, employers might be realising that they have an interest in stable employment relations and in retaining employees who are loyal, well-qualified and productive (Auer 2006). On their part, employees might realise that to be able to adjust their work life to more individual preferences they too have an interest in more flexible ways of organising work and employment relations, e.g. to balance work and family life (Wilthagen & Tros 2004). However, we should not be blind to the possible ideological (mis)use of the concept "flexicurity", which only goes to sell the message of further flexibilisation and deregulation of labour markets in the interest of certain socio-economic groups. That is exactly why we need empirical research on the flexibility-security nexus.

Older workers might be a test case for these assumptions. Flexicurity can promote a shift towards more activating policies for older workers. In striving for longer working careers and higher employment and participation rates, more flexibility in the recruitment, employability, and retirement patterns of senior employees are needed. At the same time, there is a strong demand for security among older workers; not only for job and income security, but also for employment security to remain active in the labour market and combination security to reach a good work-life balance. However, the simultaneous demands for flexibility and security for senior workers is a challenge because of organisational changes in work organisations, the relatively low levels of education and training investments in senior employees, and their difficulties in finding new jobs (cf. OECD 2005). Empirical research has documented that HR-managers, executives and colleagues regard older employees as less "adaptable" to new technologies and as showing lower flexibility (Warr & Pennington, 1993, Visser et al, 2003; Remery et al, 2003; Adams et al 2005).

Flexicurity can be defined as a deliberate policy strategy, a certain state of affairs and as an analytical framework (Wilthagen & Tros, 2005; Bredgaard et. al 2005; Lesche et. al 2006). In our survey we have mainly looked for a certain state and conditions that produce both elements of security and flexibility in (internal) labour markets and individual companies. In the flexicurity literature four different types of flexibility are usually identified: (1) numerical flexibility, (2) working time flexibility; (3) functional flexibility, and (4) wage flexibility. These different types of flexibility can be combined and balanced with four types of security: (1) income or social security; (2) job security; (3) employment security; and, (4) combination security (work-life balance).

In some combinations of specific forms of flexibility and security there is less synergy, such as income security and wage flexibility or numerical flexibility and job security. But other combinations can be mutually supportive. Looking at the older workers, specific arrangements can be created to balance flexibility and security, e.g. special programs for outplacement of seniors that

enhance numerical flexibility and employment security. Or part-time retirement that combines working time flexibility with a better work-life balance (combination security). There are also HR-instruments that can enhance synchronically functional flexibility for the work organisation and employment security of senior workers (such as programmes for education and internal job changes).

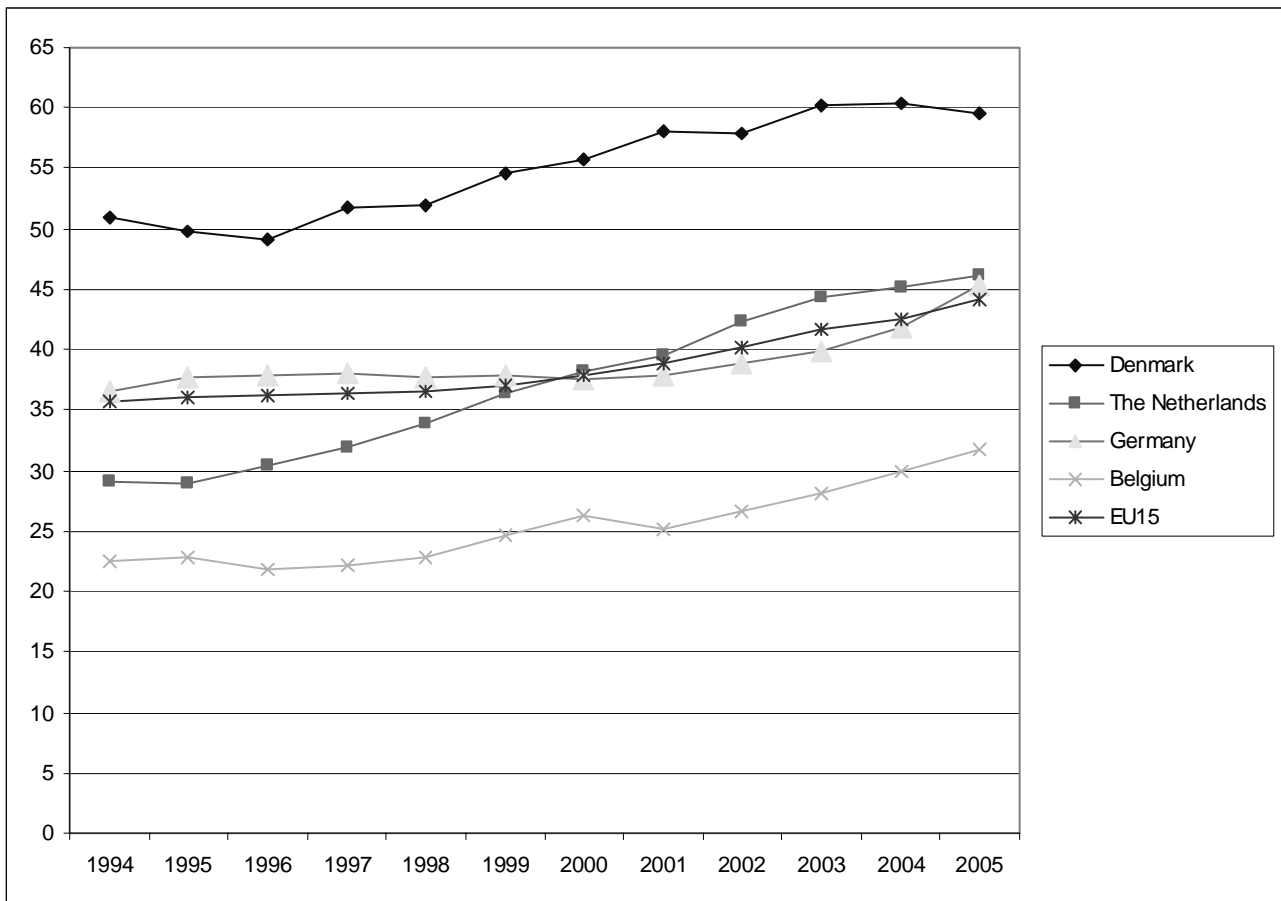
In the following, we describe the changing problem definition in Europe towards older workers, which has emerged at least since the 1990s. Second, we describe the institutional context and recent policy initiatives towards older workers and early retirement in our four case countries. Third, we describe the data and main findings from our firm-level survey on flexicurity and older workers. Finally, we reach some conclusions about the similarities and differences between the four countries, and the potential of flexicurity as a policy strategy to increase labour participation of older workers.

2. The changing agenda on early retirement: From a solution to a problem

Since the 1990s, older workers as a group in the labour market have become an increasingly important subject in public debates on labour market policies in Europe. The basic assumption is that the employment rates of workers aged 55-65 years has to be increased in the (near) future because of the ongoing demographic ageing of the population. In the mainstream debate there are two basic economic threats relating to aging and the ongoing practise of early labour market exit.

First, welfare states arrangements for the growing numbers of men and women aged 55+ like pensions, early retirement schemes, unemployment and disability benefits are under growing financial pressure because these have to be paid by the declining numbers of younger people and by public budgets which are already under pressure. The second threat concerns the lack of labour supply as a result of reduced fertility rates, and the shrinking youth cohorts entering the labour market compared to the large cohorts of the 55+ that leave the labour market. Although the character and magnitude of early retirement exit differs widely between European member states, the political agenda in many countries, and especially at the EU-level, is increasingly seeing early retirement as a problem, which need to be confronted. An effective answer to both threats is to increase the employment and participation rates of older workers (figure 1).

Figure 1. Employment rates of older workers (55-64 years), 1994-2005, %.



Source: Labour Force Survey, Eurostat, 2006.

As the figure shows, employment rates for older workers have already been climbing since the late 1990s, especially in the Netherlands. Except from Denmark, there is nevertheless still a gap to the European employment target of 50% for people aged 55-64 years by 2010, especially in Belgium.

The effective retirement age has only increased marginally since the Barcelona target of postponing effective retirement age by 5 years was set in 2002, except from Belgium (table 1).

Table 1. Older workers and the labour market

	Average exit age*		Unemployment rates (2005)		Labour force participation rates (2005)	
	2001	2004	55-64 years	15-64 years	55-64 years	15-64 years
Denmark	61.6	62.1	4.9%	4.9%	62.9%	79.4%
Germany	60.6	61.3	12.7%	11.3%	52.1%	73.8%
The Netherlands (2004)	60.9	61.1	4.0%	5.0%	46.7%	75.8%
Belgium	56.8	59.4	4.4%	8.1%	33.5%	66.4%
EU15	60.3	61.0	6.1%	8.2%	46.7%	71.3%

Source: OECD (2006): *OECD Employment Outlook*, Paris: OECD. *Eurostat (2006).

As indicated in table 1, the unemployment rates of older workers depend on their participation rates. If participation rates are high, unemployment also seems to be (marginally) higher than for the total labour force (compare Denmark and Germany to the Netherlands and Belgium). The major differences between the countries are in participation (and employment) rates of older workers; the participation rate of people between 55-64 years is almost twice as high in Denmark (62.9%) than as in Belgium (33.5%). In all countries, the participation rates of older workers are well below that of prime-age workers.

In some EU-countries the public debate on extending the working careers and increasing the employment rates among the older workers, actually started earlier than on the European level. Early retirement schemes and other institutional pathways to early labour market exit – like unemployment and disability programmes – have been under discussion at least since the early 1990s (see Maltby et al., 2004). In some countries a wide range of reforms have already been implemented. Eligibility to and the financial attractiveness of different pathways to early retirement exit have been restricted in countries like Denmark, the Netherlands and Germany. Facilities for part-time work and systems in which the workers can retire in different ages have been established to create for a more gradual transition out of working life. But the knowledge of the scope, the character and the effects of such arrangements is still too scarce, especially in relation to the actions and practices of the company level.

Despite the rising sense of urgency and some implemented policies and arrangements, it appears that the practise of early labour market exit is very hard to change. Trade unions in many countries still show scepticism towards reforms of early retirement arrangements and political parties are afraid of becoming unpopular when they propose to make early retirement less beneficial. The argument that early retirement can be seen as a well-deserved right after a long, and sometimes hard working career, is still playing a role. Studies show that older workers themselves have strong preferences for early retirement (Fouarge et al, 2004). Governments are ambiguous when they continue to give fiscal or supporting social security facilities to organizations in order to make older workers redundant in case of structural reorganizations. For example in Belgium, employers can still use early retirement schemes – incl. welfare arrangements for unemployed or disabled senior

workers - as effective instrument and a socially acceptable way for decreasing or rejuvenating the workforce (Tielens, 2004).

Previously the policy focus and problem definition was on reducing labour supply in order to reduce unemployment - in particular youth unemployment (table 2). Labour market exit by early retirement schemes was used as a way to increase inter-generational mobility between young labour market entrants and older workers. Trade unions and older workers saw early retirement as a well-earned right after a long and hard working life, while company managers saw older workers as less productive, flexible and more costly labour than younger entrants to the labour market (Taylor & Walker 1998; Visser et al 2003; Remery et al 2003). Early retirement exit in many respects served as actual flexicurity devices by creating external-numerical flexibility for the enterprises and the labour market and providing income security for older workers, in spite of the fact that it was not intended as such (Tros 2005; Bredgaard & Larsen 2005). The challenge is to escape from this vicious circle.

Table 2. A changing policy agenda on older workers?

	Traditional problem definition	New problem definition?
Governments	Early retirement as a (fair) generational distribution of work and a way to reduce labour supply and youth unemployment	Early retirement leading to insufficient labour supply. Therefore, a need to increase the effective retirement age and employment rates of older workers
Trade unions	Early retirement as a (well-deserved) right and social obligation	Still sceptical towards reforms of early retirement schemes
Employers	Older workers as unproductive, inflexible and expensive labour	Increasingly realising the positive potential of older workers in terms of loyalty, experience, collective memory etc. and creating policies to recruit and retain older workers
Older workers	Work as disutility. Early retirement culture.	Work as utility. Preference for gradual and flexible retirement

Now, these perceptions might be changing. Demographic changes leading to declining labour forces put public budgets under pressure and create fear of insufficient labour supply. Policymakers felt compelled to act and reform early retirement and employment patterns of older workers. As a result the balance between external-numerical flexibility and income security is now under pressure in virtually every European nation. As the attractiveness of early retirement options are gradually being reduced in some countries, older workers are becoming more dependent on having a job (job security) or being employable (employment security).

Therefore, new policies are needed to promote job security, employment security and flexibility of older workers. However, until recently there has been a deep-seated early retirement culture among older workers, which mean that they orient mentally towards early retirement (Vroom 2004). The question is whether older workers are changing preferences, increasingly seeing work as utility (a mean for self-realisation), cf. Fogel 1999. Firms for their part have traditionally had a passive attitude towards older workers, but might increasingly realise the positive contributions of older workers in terms of commitment, experience, loyalty and human capital. As a result companies might establish policies to retain and recruit older workers. A possible strategy for the trade unions, is to accept some loss of income security (by reducing the benefits for inactive older workers or by hindering or postponing the admittance of early exit pathways), but to compensate this by

increasing the employment security for the older workers. It then makes sense that trade unions and older workers ask for more opportunities in education and training, better re-integration activities, the creation of senior/bridge jobs and senior friendly workplaces and working conditions. If governments and employers are ready to invest in the employment security of older workers, trade unions will be more ready for re-regulations of the early retirement schemes and other income arrangements in case of early labour market exit. Turned around, employers might only be willing to create work oriented policies for older workers if these will create some flexibility in the labour market and in their work organisations (see table 2 above).

Therefore, a new constellation of interest might be emerging. We think that the flexicurity concept can promote the willingness of the actors in the industrial relations systems to restructure the traditional labour markets institutions among the older workers and broaden the scope of the bargaining parties (Tros, 2006). Employers might be more willing to support new facilities for older workers if these increase the flexibility of the labour market and work organisations. Trade unions and workers will possibly only be ready for more flexibility if forms of security are involved. Still, we need genuine empirical research to substantiate these hypotheses. Which type of policies has been developed on the company level? Has the recommendations on the central levels been implemented on the company levels, and if so, how and to what degree? Has the changing problem definition on older workers led to new policies or practices in the companies towards more flexibility and/or security for the senior employees?

3. Policy discussion and institutional contexts for older workers in the four countries

Before presenting the findings of the survey, we will briefly discuss differences and similarities in the degree of interfering policies on older workers in our four case countries, and show that there are persistent differences in the focus on types of flexibility and security in the four countries.

Denmark

In comparison to other EU-countries, the problems in Denmark regarding ageing and employment of older workers are in fact smaller. The employment rate is more than 15 percentage points higher than average in the EU-15 and almost twice as high as in Belgium (see figure 1). In our 4 country comparison, the average age of workers that exit the labour market, is the highest at 62.1 year. This, however, has not created a lesser sense of urgency, as policy discussions take place from a rather ethnocentric position without much comparative evidence of the problem structure and magnitude (Bredgaard & Larsen 2005).

The Danish labour market – including the position of older workers – is characterised by high levels of external job mobility, low levels of job protection and high levels of income security. This “state of affairs” is labelled “the golden triangle of flexicurity”: a combination of a flexible labour market, a generous welfare system and an active labour market policy (Kongshøj Madsen 1999, 2003, 2004; Bredgaard et. al 2005). The low dismissal protection and high numerical flexibility, however, affects different groups on the labour market differently. It might be to the benefit of (high-skilled) young people and women, which is indicated by low youth unemployment and high participation and employment rates for women.

For older workers the effects are more complex. There is no extra dismissal protection of older workers, and almost no extra costs associated with dismissing ordinary older workers. If older workers lose their job, it is much harder for them to find a new one, which may also be connected with the fact that older workers tend to get less adult vocational training than prime age workers (Bredgaard & Larsen 2005) and are to a certain extent discriminated by employers (cf. Jensen 2004).³ While low job protection probably tends to increase the number of hires, it also increases the number of dismissals, which may be to the disadvantage of both older and unskilled workers. Alternatively, if there are high costs associated with firing older workers, employers may be more inclined to retain them until retirement; and may not be as concerned about hiring older workers, even though they are harder to fire, as they are already close to retirement (cf. OECD 2004).

The Danish version of flexicurity is the outcome of a long historical process involving a series of compromises between the social partners and the evolution of a universal welfare state. The liberal regime of employment protection means that the employers in the Danish firms have a high degree of autonomy in personnel decisions because of liberal recruitment and lay off procedures (Bredgaard 2004). Older workers are instead compensated by a well-developed state-financed system of unemployment compensation and employment security. The gap between younger and older workers in training participation in Denmark is not as high as in other EU-countries and in comparison to other countries the older workers’ participation in education is high (cf. table 3).

³ Although a European survey on working conditions from 2000, which asked workers 50+ if they during the previous 12 months had either personally experienced age discrimination or witnessed it occurring at this workplace, only found 1% occurrence of age discrimination among Danish workers compared to around 4% on average (10% in the Netherlands, 6% in Germany, and 3% in Belgium) (cf. OECD 2006: 67).

Table 3: Participation in non-formal job-related continuing education and training among workers aged 55-64 (and workers aged 25-64) within a 12 month period in 2003.

	Workers aged 25-64	Workers aged 55-64
Denmark	46	39
Belgium	22	14
Germany	14	9
The Netherlands	n.a.	n.a.

Source: Education at a glance, OECD 2005

But similar to other countries, if older workers become unemployed, they have greater difficulties in returning to employment. So, the Danish case is challenged to prevent that older workers will not be placed outside the “golden triangle” of flexicurity.

Similar to other countries, the Danish government has changed the financial attractiveness of the early retirement scheme. The 1999 reform made it more economically attractive to stay in the labour market after the age of 60 years. This did not ease the pressure for early retirement reform, and recently a new political agreement has been reached. In 2006, the liberal-conservative government succeeded to conclude a “welfare reform” with, among others, the social-democrats. The main result is to push the early retirement age from 60 years to 62 years, and official pension age from 65 years to 67 years. These changes will not take full effect before 2022. However, from that time there will be an automatic indexation of retirement ages in relation to average life expectancy for people at 60 years. As life expectancy is increasing rather rapidly this might in the long run mean an abolishment of the voluntary early retirement pension scheme.

A remarkable characteristic of Denmark is the rather low activity on the national level in the creation of policies for the older workers. By the method of soft coordination, the Danish government attempt to persuade firms to develop more training and educational activities for senior workers or to create age-related personnel policies. But, following the tradition in the Danish industrial relations system, the terms and conditions of work are left to the labour market parties themselves. It can be questioned if soft state regulation will be effective. In contrast to the Netherlands, senior policies are not a topic figuring prominently in collective bargaining in Denmark (Bredgaard & Larsen 2005).

The Netherlands

In comparison to Denmark, older workers in the Netherlands have more job protection. Besides the system of the employers’ duty to apply for dismissal permits at the employment office,⁴ older workers were by legislation extra protected by the principle of ‘last-in-first-out’ in case of collective dismissals. Since march 2006 this principle has been changed into the principle that the workers which are fired are spread out over different age categories (*afspiegelingsbeginsel*). This legal change will decrease the extra job protection for the older workers and will increase the protection for younger employees. Recently, the social partners and politicians have started a discussion to flexibilize the regulation on dismissals.

⁴ In firing workers, there is an alternative route for employers to go to the court, but this is more costly.

In the Netherlands, the growth of the employment rate among the 55+ has been relatively high (cf. figure 1). While the employment rate was in 1994 just 29%, in 2005 it had climbed to 46%, which is slightly above the EU-15 average. Remarkable are the high amounts of part-time workers among the older workers, especially women (table 4).

Table 4: Part time work by age and gender, 2003 (%)

	Total 50-64	Men 50-64	Women 50-64
The Netherlands	31.6	11.7	63.7
Germany	23.5	6.3	46.6
Belgium	23.4	10.1	45.7
Denmark	16.8	6.5	28.9
Unweighted average OECD-countries	17.4	7.8	31.2

Source: Ageing and employment policies, The Netherlands (OECD, 2005, p. 49)

It seems that part time retirement has a positive effect on longer working careers in the Netherlands (Fouarge et al 2004). Moreover, the participation of older workers in training and education programmes increased (Muffels 2003). But once unemployed, it is very difficult for 55+ to find a new job. In comparison to the other three countries, the modernization of the early retirement schemes in the Netherlands proved to be high in the last 10 years. The early retirement arrangements are regulated and negotiated by the social partners in collective agreements.⁶ Since the mid 1990s the Dutch trade unions has supported a shift towards individualisation in the financing and towards the creation of individual à la carte options in age of retirement and in part-time retirement. Since 2006, the fiscal facilities for the early retirement schemes have been abolished for all workers above 55 years. This measure is partly compensated by legal facilities for “life-cycle-arrangements” in order to make it possible for individual workers to save during the career some salary to retire earlier than the pension age of 65.

Since the beginning of the 1990s the social partners on the national level (in the Foundation of Labour) have recommended to the collective bargaining parties and to the firms to implement activating arrangements for older workers. In 2002/3 “age aware personnel policies” was an issue in 30-40% of the negotiations in the sectors and enterprises (AWVN 2003). In the collective agreements as well as in HR-policies the focus is on a “relieve-strategy” for the senior workers, and therefore on job security (such as arrangements for reduction of working hours/work load, extra holidays and leave) (Tros, 2005).

Germany

The employment rate of older workers in Germany is almost the same as the average in the EU-15. Recently this rate increased from around 40% in 2003 to 45% in 2005 (see figure 1).

Wilthagen et al (2004) argues that the security factor is prominent in the German labour market and that in the German practice it has proved difficult to introduce new forms of flexibility and security.

⁶ Around 80% of the workforce are covered by sectoral agreements, 10% are under company agreements (and there is no multi-level system) and 10% have no collective agreement.

The case of the older workers confirms this picture. In the German system there is extra legal protection against dismissals for older workers and there is extra job protection for the older workers in case of operational dismissals or in the *Sozialplan* (Teipen & Kohli 2004; Klammer 2004). Further, collective agreements in Germany contain extra provisions related to the protection of older workers in case of dismissal, remuneration (for white collar workers in particular), working hours and work organisation (Bispinck & WSI-Tarifarchiv 2002; Funk 2004). In practise, this job security is often exchanged in income: deviation from the protection rules against dismissals can take place by financial compensation and the older workers can be selected more often in the *Sozialplan* in case of operational dismissals (Teipen & Kohli 2004). In contrast to the Dutch practice, there is less consensus between the social partners in Germany in the process of dismantling early retirement schemes and the introduction of new age related items in collective labour agreements (Naegele 2002; Bertelsmann Stiftung 2004; EIRO 2004). In 2000 just 4% of the German firms consider the age structure of their workforce as a problem for their personnel policy in the next few years (Schömann, 2006). Striking is the very low participation rate of the older workers in education and training in Germany (cf. table 3 above).

In the 1990s, the governmental policy response to ageing and low employment levels of older workers was focused on the restructuring of the retirement and pension systems. By a step-by-step implementation, the retirement ages have been increased and pension levels have been reduced. The implementation processes are still going on. The aim of the *Altersteilzeitgesetz* (1996) is to facilitate part-time retirement. Employees aged 55+ are allowed to halve their working time. The employer has to top up the wage to at least 70% and pays pension contributions at a level of 90% of the former wage. If the firm takes an unemployed person or trainee in return to cover the full amount of working time lost, the employer's "top-up" is refunded by the Federal Employment Service. But this measure was not effective in extending working careers. The law offer an alternative in a so called '*blockzeitmodell*' in which the worker continue to work full-time and retire fully at an earlier age. 47% of the firms in the private sector offered only this block model to their workers (Klammer, 2003). Many employers did not want the part-time retirement option because the work organisations do not allow for this (*idem*).

Since 2002, there has been an accelerated trend towards a more activating labour market policy for older workers (Bosch 2003; Courtieux & Erhel 2004; Bosch & Schief 2005). Among other measures, the Federal Employment Service started a "50-plus" campaign and subsidies were created for 100 firms to train older workers. Older workers that accepted lower paid jobs are compensated in a new law on modern labour market services (one of the measures in the Hartz reforms). In order to make it easier for employers to recruit older workers, labour law has been flexibilised in the sense that fixed term contracts for the older workers are an opportunity. Furthermore, there are more and more initiatives in Germany to make workplaces healthier for the older employees to keep them longer in their jobs (Bosch 2005).

Belgium

The employment rates for older workers in Belgium are far under the EU-15 average: less than one third of people aged 55-64 years are in employment (cf. figure 1) and the participation rate is only around one third for people aged 55-64 (cf. table 1). Especially for Belgian women the employment rates are very low (22% in 2005). This tradition of early withdrawal in Belgium begun before the employment policy of the 1970s (Merla 2004), and in the literature the explanations given are in the

industrial characteristics of the economy and high pressure of work in compressed working careers (Tielens 2004; Merla 2004).

In general, Belgium is still characterised by what could be labelled “Fordist production”, i.e. a traditional balance between income security and internal-numerical flexibility (hours) (Wilthagen & Tros 2004). Strikingly, also the Belgian strategy to activate the older workers focuses on the management of working hours. The governmental program of 1999 and the intersectoral agreement of 2001-2002 aimed towards a flexibilisation and a reduction of working hours. A system of part-time end-of-career jobs is seen as a way of gradually leaving the labour market (Vandenbroucke & Van der Hallen, 2002: 161). Further, the government created facilities for the 55+ and extra bonuses for the 60+ to reduce working time without financial loss. In the Belgian time-credit system the 50+ who can demonstrate 20 years of career, have special rights to a reduction in working hours.

The Belgian labour market for older workers is still characterized by early exit. In general, the collectively agreed bridge pensions allow retirement at 58 years, but for enterprises acknowledged to be in financial difficulties or undergoing restructuring, there are exemptions lowering the entry age to 50 years. The pressure imposed by Belgian employers seems an important factor in early exit: of all people aged 45-65 who stopped working, 43 percent were forced to stop (Elchardus & Cohen 2003: 158-159; Tielens 2004). For employers in Belgium the bridging schemes are still a financially interesting and socially acceptable way of cutting back on staff in the context of rationalisations or reorganisations, as shown in cases like Belgacom, the federal and Flemish administration, postal services and Ford (Tielens 2004). In the negotiations over a new national inter-sectoral agreement for 2005-2006, the unions on their part unanimously defended early retirement (EIRO 2005). The trade unions find it difficult to try and put older workers (back) into employment, particularly as they think that such measures could weaken the position of older workers even further. Further, Belgian collective agreements contain advantages for older people in terms of wages, working conditions and protections against lay-offs. The wage flexibility is relatively low. Salaries in Belgium, especially in white-collars pay-scales, are strongly characterised by seniority and based on the model of lifelong full-time careers, whereby periodic salary increases are linked to age (IW Cologne, 2003; Merla, 2004).

But also in Belgium there has been a policy shift since 2000. The age of entry to the unemployment scheme for older workers has been gradually increased from 50 years in 2001 to 58 years in 2004. Policies on prevention of early exit by improving the working conditions and job quality, and policies on the reintegration of the unemployed 50+ in connection with the introduction of the obligation to look for jobs have been implemented (D’Addio & Nicaise 2003; Merla 2004). In 2002 the right of workers aged 45+ to an outplacement procedure in case of dismissal was introduced. In Belgium there is a right to validate achieved competencies of workers, which is important for the older workers in the labour market. The National Action Plan 2005-2008 contains a lot of measures to promote the employment participation of the older workers. In 2008 the bridge pensions allow labour market exit at the age of 60 and the government announced several financial incentives to promote longer working careers and financial disincentives for early exit arrangements. Older workers have the right on regular ‘career-check-ups’ and unemployed 50+ have rights on education and mediation towards jobs.

Summary

The opportunities for early retirement and for the inflow of older workers into other social benefit arrangements are decreasing, or at least are becoming less attractive and more costly for workers and employers. Because of this, the income security for the older workers is under pressure. At the same time, the options for employers to use these arrangements strategically in company strategies to renew their workforces are under pressure. Therefore, the combination that has grown from the 1970s between numerical flexibility for employers and income security for workers needs to be reconsidered. Early retirements schedules and other benefit arrangement for older workers need to be complemented or substituted by more activating forms of flexibility and security on the labour market. In all four case countries we see that the traditional balance in flexibility and security, provided by early exit arrangements, are gradually fading away and are under increasing discussions. In all countries there is clearly a policy shift towards more activating forms of flexibility and security in the labour market for older workers (e.g. functional flexibility and job and employment security). There are some differences in the focus: Belgium focuses most on working-time flexibility and the Netherlands on functional flexibility in combination with job security. Nevertheless, there is no ‘grand design’ in the senior policies that are based on the underlying concept of flexicurity. But the policy measures give better institutional structures and facilities to new forms of flexibility and security among the older workers in work organisations and in the labour market.

4. Survey data and findings

The question is then to what extent new arrangements between flexibility and security can and will be replacing early retirement options. Is such a shift from "traditional flexicurity", based on numerical-external flexibility and income security, to "modern flexicurity", based on new combinations of flexibility and security, anywhere in sight? We have tried to find an answer by a comparative survey on flexibility and security for older workers.

The survey is a stratified sample in four sectors of industry and for two size categories (50-99 employees and 100+ employees).⁷ The four sectors of industry are: Iron- and metal industry, transport, education and public administration. Given the condition of a limited total sample-size and to prevent too much dissimilarities in the national samples, the advantage of selecting a limited number of branches is that national differences in the data set should become clearer. In the following, we make the assumption that the four sectors of industry are somewhat comparable across the four countries, and that differences found in the data material reflect broader national differences. The sample includes the response of 3.458 HRM/personnel managers in the four countries, and the sample is representative of the population of firms in the two size categories in the four selected branches.

Flexibility and security for older workers

To identify alternatives to early retirement exit at the company level we asked the respondents two types of questions. First, whether the workplaces had a range of different types of arrangement and facilities for workers aged 50+, and, second, how often they were used among 50+ workers. First we look at availability.

As seen in table 5, the arrangement most available in the sample firms are those that create working time flexibility; like part-time contracts (62%), reduced working time (59%), and part-time retirement (57%).⁸ These options for working time flexibility are clearly more available in Denmark and Holland than in Germany and Belgium. Moreover, the option of dispensation from inconvenient working hours (overtime, shift work, night work) is available in around one third of the sample companies (again, especially in Denmark and Holland).

Table 5: The availability of arrangement and facilities for older workers creating working time flexibility by country (% yes)

Working time flexibility	Denmark	Holland	Germany	Belgium	Total (n)
Part-time contracts for 50+ employees	82%	55%	51%	63%	62% (2128)
Reduced working time for 50+ employees	66%	70%	35%	65%	59% (2029)
Part time retirement	78%	69%	39%	49%	57% (1955)
Dispensation from inconvenient working	47%	52%	23%	13%	31%

⁷ In Denmark we had to include firms with 20-49 employees to reach a satisfactory response rate in each of the four branches. This also better reflect the specific Danish industrial structure, which is dominated by small- and medium-sized companies.

⁸ It should be noted that in 61% of the sample firms individual workers have the option to choose their own specific age of retirement. We assume that this option creates an element of external numerical flexibility for firms and income and combination security for workers.

hours for 50+ employees (like overtime, shift work and night work)					(1063)
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Arrangements and facilities creating functional flexibility are also relatively popular across the four countries. The option of changing jobs within the company or to other establishments in the organisation is available in 45% of the sample companies (even three quarters of Danish sample companies compared to one quarter of Belgian sample companies). The option of adaptation of tasks or task-rotation to relieve the workload of older workers is available in around on third of sample companies (but almost two-thirds of Dutch sample companies). In one third of the sample companies plans, programs or agreements for the education of older workers are available.⁹ Again availability is higher in Denmark (45%) and the Netherlands (38%) than in Germany (28%) and Belgium (24%). Moreover, the creation or reservation of specific workplaces, tasks or jobs for older workers is clearly also more popular in Dutch sample companies (compare 20% to 11% in total)

Table 6: The availability of arrangement and facilities for older workers creating functional flexibility by country (% yes)

Functional flexibility	Denmark	Holland	Germany	Belgium	Total (n)
Change jobs within the firm or to other establishments of the organisation, like job rotation and horizontal career movements for 50+ employees	78%	47%	40%	26%	45% (1536)
The adaptation of tasks, or task-rotation, to relieve the workload for 50+ employees	37%	62%	27%	23%	35% (1210)
Plans, programmes or agreements for the education of 50+ employees	45%	38%	28%	24%	32% (1109)
The creation or reservation of specific workplaces, tasks or jobs for 50+ employees	13%	20%	7%	8%	11% (389)

In general, arrangements creating external-numerical flexibility for older workers are less available in the sample companies. Mediation of older workers towards jobs with other employers is only an option in 12% of the sample companies (although the option is available in 30% of the Dutch sample companies), and support for self-employment of older workers is even less popular (5% in total, but 11% in Dutch sample companies).¹⁰

Table 7: The availability of arrangement and facilities for older workers creating external numerical flexibility by country (% yes)

External numerical flexibility	Denmark	Holland	Germany	Belgium	Total (n)
Mediation of 50+ employees towards jobs with other employers	5%	30%	5%	10%	12% (413)
Support for self-employment of 50+	3%	11%	3%	2%	5%

⁹ Education of older workers can also facilitate external-numerical flexibility if acquired skills and competencies are transferable on the external labour market rather than firm-specific.

¹⁰ As another indicator of numerical flexibility the OECD measures relative hiring intensities for different age groups (the hiring rate of a specific age group divided by the hiring rate for all employees, where hiring rate is the share of employees with tenure less than one year). Naturally, hiring intensity declines significantly with age, however, in a number of countries hiring rates of older workers is particularly low, including the Netherlands and Belgium (around 4%), while it is much higher in Denmark (around 8%). The OECD also report that the probability of finding a new job once unemployed (measured one year after) is around 20% in Denmark, 10% in Germany, and 5% in Belgium. The flip side to a dynamic labour market with above average hiring rates is, however, above-average rates of (involuntary) job loss (OECD 2006: 38-39).

employees					(157)
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Finally, there is also a low availability of arrangements creating wage flexibility in the sample companies. 18% of the sample companies use flexible pay for older workers (but only 5% of Belgian sample companies), and only 7% of the sample companies use demotion towards lesser paid jobs for older workers (although 25% of Dutch sample companies use this strategy).

Table 8: The availability of arrangement and facilities for older workers creating wage flexibility by country (% yes)

Wage flexibility	Denmark	Holland	Germany	Belgium	Total (n)
Flexible pay (like merit pay, profit sharing, labour market bonuses) for 50+ employees	29%	21%	22%	5%	18% (611)
Demotion towards less paid jobs in the workplace for 50+ employees	1%	25%	2%	4%	7% (249)

The picture that emerges from these data is that Dutch and Danish firms use all types of arrangements creating different types of flexibility to a higher extent than German and Belgian firms. Taken at face value this means that there are functional equivalents to early retirement in Danish and Dutch sample companies, which seem to use a more proactive and preventive approach towards older workers than German and Belgian firms. The high participation and employment rates of older workers in Denmark and the Netherlands might therefore be related to the availability of measures and arrangements creating different types of flexibility for firms in personnel management. Alternatively, in Germany and Belgium there is less activity in personnel management towards older workers, and a stronger early retirement culture.

The priority order of types of flexibility is partly confirmed when we ask respondents to evaluate their arrangements for older workers, and consider what kind of flexibility is then mostly enhanced. 44% of the respondents find that flexibility in the functions and tasks (functional flexibility) is the most important, 33% find flexibility in the working hours (working time flexibility) most important, while only 9% find flexibility in the number of workers important (numerical flexibility), and 5% find flexibility in the payments most important (wage flexibility). The remaining 9% do not know.

Irrespective of their availability, it is clear for all the instruments and arrangements that there is a wide scope for increasing their use at the company floor. In the following, we combine the availability and the use of specific arrangements into one single item, and make an additive index for comparative purposes. This makes it possible to compare mean values by country on each of the thirteen different instrument and arrangements for older workers.

Table 9: Availability and use of different instrument and arrangement for older workers by country (mean value)

	The Netherlands	Denmark	Belgium	Germany
Part-time retirement	1.2	1.3	1.0	0.7
Part-time contracts	1.0	1.2	1.3	0.9
Reduced working time	1.6	1.1	1.4	0.6
Dispensation from inconvenient working hours	1.2	0.7	0.3	0.4
Plans, programs or agreements for education	0.8	1.1	0.6	0.6
Internal change of jobs	0.8	1.1	0.4	0.6
Reservation of creation of specific workplaces, tasks or jobs	0.4	0.2	0.2	0.1
Relieve the workload	1.3	0.7	0.5	0.4
Mediation to jobs with other employers	0.4	0.1	0.2	0.1
Support for self-employment	0.15	0.05	0.03	0.05
Internal demotion towards less paid jobs	0.3	0.01	0.06	0.02
Flexible pay	0.5	0.7	0.1	0.5
Average	0.8	0.7	0.5	0.4

* Note: There are four types of outcomes in this index: (0) if the specific instrument/arrangement is not available, (1) if it is available but seldom/never used, (2) if it is available, and sometimes used, and (3) if it is available, and often/always used.

The same finding emerges; namely, that in the Netherlands and Denmark there is both a higher availability and a higher use of instruments and arrangements for older workers than in Germany and Belgium (compare average index values 0.8 and 0.7 to 0.5 and 0.4).

The respondents seem conscious about creating arrangements and strategies that facilitate both flexibility and security. When asked to evaluate their HR-strategy and arrangements for older workers, 72% of the respondents reply that they should create flexibility and security on the same level (15% favour flexibility for the organisation, 8% favour security for the workers, and 5% do not know). The country differences are also small. This should not be interpreted as an endorsement of flexicurity as a deliberate policy strategy for HRM managers, but rather as an indication that flexibility for the organisation can be combined with security for older workers. This approach to balancing flexibility and security is confirmed by the finding that 59% of the respondents partly or fully disagree that in order to create more flexibility among older workers, their income and job security must be restricted. Only 24% of the respondents fully or partly agree with this statement (11% neither agree nor disagree, and the remaining 6% do not know). So it seems that flexibility and security are not perceived as contradictory objectives in the eyes of the HRM/personnel managers. In all countries (except Denmark) there is a positive willingness among the respondents that if the retirement age is postponed, then organisations in return should be more ready to pay the cost of maintaining senior workers at work. In total, 45% of the respondents fully or partly agree with this statement (12% neither agree nor disagree, 36% partly or fully disagree, and the remaining 7% do not know). As a final indication of the balance between flexibility and security for older workers at the company level, we have asked respondents which type of security they find the most important (table 10).

Table 10. In relation to the HR-strategy and arrangements for older workers, what type of security is then most important?

	Denmark	The Netherlands	Germany	Belgium	Total
That older workers are able to combine work with private life	46%	38%	30%	56%	44% (1503)
That older workers remain active in the labour market (not necessary in the same job)	21%	21%	25%	12%	18% (651)
That older workers remain in their job	13%	12%	22%	12%	14% (491)
That workers have income when they leave the workplace	8%	24%	13%	12%	14% (491)
Do not know	11%	4%	10%	8%	8% (284)

The clear majority replies that the most important type of security for older workers is combination security; that older workers are able to combine work with private life (44%). The second most important type of security is employment security; that older workers remain active in the labour market, not necessary in the same job (18%). This finding supports one of the main hypothesis of the flexicurity framework, namely that the security dimension must change towards employment and combination security. The two remaining types of security; job security (that older workers remain in their job) and income security (that older workers have income when they leave the workplace) seem less important to HRM/personnel managers (14% respectively), although income security has a higher priority in the Netherlands (24%), while job security still has a relatively high priority in Germany (22%).

Initiators of arrangements for older workers

An interesting question in relation to the documented differences between the countries is who took initiative to create these policies and arrangements for older workers (table 11).

Table 11: Who took initiative to create the most of these policies and arrangements for older workers? (more than one answer possible)

	The Netherlands	Germany	Denmark	Belgium	Total
Legislation/government	21%	42%	15%	68%	40%
Employer/HR-department	46%	35%	50%	23%	36%
Collective agreements (trade unions/branch organisations)	56%	12%	36%	25%	31%
Workers themselves	13%	15%	20%	19%	17%
Works council	9%	11%	32%	6%	13%
Other	5%	7%	3%	4%	5%
Do not know	2%	12%	6%	4%	6%

In general, policies and arrangements for older workers at the company level are – according to the respondents – most often initiated by legislation/the government (40%), the employer/HR-department (36%), or by collective agreements (31%). Workers themselves (17%) and works councils (13%) seem to play a less active role. But there are clear country differences. In the Netherlands collective agreements play a more prominent role (56%) together with the employer

HR-department (46%). The same is the case in Denmark, although the employer/HR-department (50%) is more initiating than collective agreements (36%). In contrast to this, the main initiator of policies and arrangements in Belgium and Germany is legislation/the government (68% and 42% respectively). Interestingly, more than one third of the respondents in Germany (36%) find that national legislation is a barrier to recruitment and retention of older workers (compared to 9% in Denmark, 14% in Belgium, and 23% in the Netherlands).

The final questions in the survey attempts to measure the actual personnel management of firms in relation to the crucial management decisions about recruiting, dismissing and retaining older workers.

Recruiting older workers

First we asked if the workplace has recruited older workers (aged 50+) within the last year. In 42% of the sample companies they had done so. Interestingly, 63 % of sample companies in Denmark have recruited older workers within 2005, compared to 44% in Holland, 40% in Germany and only 29% in Belgium (table 12). One obvious explanation for this is that workers who are expected to retire at a relatively early age are probably not seen as a worthwhile investment for companies. Another explanation could be the relatively positive current business cycles in Denmark compared to Belgium, and the less restrictive dismissal protection in Denmark.

Table 12: Recruiting older workers by country

	Has your workplace recruited one or more workers aged 50+ in the last year (2005)? (% yes)
Denmark	63
Holland	44
Germany	40
Belgium	29
Total	42

As we can see from table 13, the positive business cycle in Denmark is not the only explanation for recruiting older workers, since the respondents in Denmark are not significantly more inclined than Belgian respondents to answer that the reason for recruiting older workers is to recruit an adequate number of staff.

Table 13: What is the main reason for recruiting workers aged 50+ within the last year? (only respondents who have recruited older workers), % mentioned

	Denmark	Holland	Germany	Belgium	Total (n)
To recruit staff for specialised tasks	59%	53%	45%	50%	52% (749)
To recruit an adequate number of employees	14%	13%	13%	10%	13% (185)
Older workers are more loyal and committed to the workplace	6%	3%	7%	4%	5% (70)
Older workers perform better than younger workers	2%	2%	8%	3%	3% (50)
Older workers stay longer in the workplace	1%	1%	4%	1%	1% (21)
Other	17%	27%	20%	30%	23% (326)
Don't know	1%	1%	5%	2%	2% (31)
Total	100%	100%	100%	100%	1432

According to the respondents the most important reasons to recruit older workers is to recruit staff for specialised tasks (52%) or to recruit an adequate number of employees (13%).¹¹ This could be interpreted to say that older workers are recruited because of their individual competencies and qualifications, and irrespective of age. In general, the argument held forward in general public debates that older workers are more loyal and committed to the workplace does not receive much support from the respondents (5%); neither does the assertion that older workers perform better than younger workers (3%) or that older workers stay longer in the workplace (1%).

On the other hand, 58 % of the companies in the sample have not recruited older workers within the last year. In table 14 below, the most important reason given is clearly that the workplace has not recruited any new workers (31%). This is especially so in Germany, where 52 % of the respondents mention this explanation. The other possible explanations do not receive much support; such that older workers do not have the adequate qualifications (7 %); that older workers have too short career perspectives (6 %); that older workers are too costly (3 %) or have a lesser performance than younger workers (2 %). The high percentage replying “other” reasons is often due to the fact that the company did not receive any applicants above 50 years.

¹¹ The category “other” (23%) includes a lot of open answers that the main explanation for having recruited older workers is the individual qualifications and experiences of the applicant.

Table 14: What is the main reason for not recruiting workers aged 50+ within the last year? (only respondents who have not recruited older workers), % mentioned

	Denmark	Holland	Germany	Belgium	Total (n)
The workplace have not recruited any new workers	28%	21%	52%	24%	31 % (591)
Older workers do not have the adequate qualifications	9%	12%	5%	6%	7% (143)
Older workers have too short career perspectives for the workplace	4%	5%	4%	8%	6 % (114)
Older workers are too costly	0%	4%	4%	3%	3 % (57)
Older workers have a lesser performance than younger workers	1%	1%	3%	1%	2 % (31)
Other	53%	55%	25%	55%	48% (913)
Don't know	4%	2%	6%	3%	4% (72)
Total	100%	100%	100%	100%	1921

It clearly emerges from this that the recruitment decision; whether or not to recruit older workers, is a question of matching demand and supply for labour. According to respondents older workers are recruited (or not recruited) on the same criteria as any other group of employees, not because they have special advantages or disadvantages (like higher or lower performance, loyalty, commitment, or shorter or longer career perspectives). Although we have to be careful of taking this for granted due to social desirability, a preliminary finding is that the (positive and negative) stigmas attached to older workers in public debates, does not seem to influence the recruitment decisions of company managers in the sample.

Dismissing older workers

Another important question is which criteria the workplaces use for collective dismissals. If older workers are truly treated as any other employee group, as suggested above, we would expect the sample companies to reply that the primary criteria for collective dismissals was the qualifications and competencies of the individual worker. In table 15, we see, however, that this principle only receives limited support (18%). These results strongly reflect the legislation on dismissals in the different countries.

Table 15: Which principle does your workplace predominantly use (or is the organisation obliged to use) for collective dismissals in case of reorganisations (only one answer) by country (%)

	Denmark	Holland	Germany	Total (n)
There is no dominant principle, more criteria have the same impact	26%	18%	43%	29% (663)
By qualifications and competencies	43%	7%	6%	18% (412)
Natural resignation: Older workers that are willing are dismissed first	10%	19%	3%	10% (238)
“Last in – first out”	3%	21%	2%	9% (194)
Conditions in the private life of the workers	0%	0%	18%	6% (144)
Other principle	7%	12%	20%	13% (300)
Don't know	12%	24%	8%	14% (329)
Total	100%	100%	100%	100% (2280)

*Note that Belgian respondents are not included, since there was a fault in the Wallonian questionnaire rendering this question invalid for the Belgian sample.

In contrast to the recruitment decision, where there was not much country variation, there is a lot of country variation on the dismissal decision. In Denmark, the dominant principle for collective dismissals conforms to the findings above, since 43 % of Danish respondents replies that the qualifications and competencies is the dominant principle for collective dismissal. The limited dismissal protection of older workers in Denmark seems to imply that older workers are not treated differently from other age groups. The sample companies in Holland seems to apply more “old-fashioned” dismissal criteria; 21 % of the companies use “last in – first out” (as is regulated until march 2006 and from then changed into the principle that dismissals have to be spread out over different age categories (‘afspiegelingsbeginsel’), and 19 % use natural resignation. In Germany different criteria are said to have the same impact, although 18 % of the German respondents dismiss according to the conditions in the private life of the worker. This result reflects the German legislation in which the employer who dismisses a group of workers has to follow legislative procedures in which different criteria play a role.

Retaining older workers

The demographic challenge of shrinking labour supply is looming in all four of our case countries. There are fewer in the youth cohorts entering the labour market, and an increasing number of older workers approaching retirement. One way to avoid labour shortages is to retain older workers in employment. And an HRM instrument that can be applied to retain older workers is senior policies.

Table 16: Does your workplace have a senior policy for the older workers? (% yes)

Denmark	55%
Holland	45%
Belgium	17%
Germany	11%
Total (n)	30% (3420)

On average, 30% of the companies in the sample say that they have a senior policy for older workers. There are, however, some interesting national differences; from 55% in Denmark and 45% in Holland to 17% in Belgium and 11% in Germany. As mentioned earlier, it seems that Denmark and Holland have a more activist policy towards retaining older workers than Belgium and Germany. By implication, the country of origin of the company does seem to have some explanatory power on the decision to make senior policies. The strongest predictor of the availability of senior policies is, not surprisingly, the share of workers 50+ in the workplace. The workplaces with more than 30% of the workers aged 50+ are much more likely to have senior policies than the workplaces where there are few older workers.

We also asked the respondents who had senior policies, what was the most important objective of this policy. Among the 30% of the sample companies that do have senior policies, the most important objectives are to make work and working conditions more suited to older workers (34%) and to retain older workers (32%). The objective of making older workers more employable seem less important to the sample companies (13%), except from in Holland (23%). Although the objective of facilitating early retirement does not gain much support across the board (7 % of all respondents), it is clearly a more important objective of senior policies in Belgium (20%), and to some extent in Germany (12%). In all four countries it is clearly the case that senior policies are not used as an instrument to recruit older workers (only 1% of all respondents).¹² Finally, it is interesting to note that the objective of retaining older workers seems very important in Denmark (53%), while the objective of making working conditions more suited to older workers is less prominent in Germany (24%) than in the other countries.

A preliminary conclusion is therefore that senior policies are predominantly used for internal purposes (to adapt working conditions and retain older workers), and only to a lesser extent for external purposes (early retirement, recruitment or employability).

This brings us to the final survey question; why about 70% of the workplaces in the sample do not have senior policies. It can be observed that there are different (almost equally important) reasons for not having senior policies. The answers that the older workers do not need extra facilities (23 %) and that the organisations do not allow for special arrangements (20 %) are mentioned most often. In 15 % of the workplaces the respondents find that there are too few older workers to have a senior policy and 13 % of the workplaces want to avoid that older workers stand out as a special group.¹³

¹² The remaining respondents replied "other reason" (12%) or "do not know" (2%).

¹³ The remaining respondents replied "other reason" (24%) or "do not know" (6%). Some of these "other reasons" were that a senior policy was under preparation, that the senior policy was located at a higher organisational level, or that it was a newly established company.

5. Conclusions

Early retirement pathways have until recently provided flexicurity for older workers. For companies such exit routes from the labour market have been considered a socially acceptable way of reorganising and rejuvenating the workforce, thereby providing numerical flexibility. For workers (and trade unions) early retirement schemes (as well as other pathways, like disability and unemployment benefits) have provided income security for the individual when exiting the labour market.

In a number of OECD-countries, including the Netherlands, Denmark, Germany and Belgium, early retirement pathways are under reform to postpone early retirement. By a comparative survey on flexibility and security for older workers we have inquired if companies provide alternatives or functional equivalents to early retirement. Such alternatives could provide new combinations of types of flexibility and security, like working time flexibility, functional flexibility and wage flexibility on the one hand, and job-, employment, and combination security on the other hand. We assert that flexicurity is an innovative and effective implementation strategy for increasing the participation and employment rates of older workers by combining new forms of flexibility and security. The main question is whether such a shift in policies and practices can be witnessed at the company floor.

Across the sample companies in our four case countries there is a clear priority order of types of arrangements available and used by older workers as alternatives to early retirement. Those arrangements that provide working time flexibility (like part-time contracts, reduced working time, part-time retirement) are available in more than fifty percent of the sample companies. Those arrangements that provide functional flexibility (like internal job changes, task adaptation to relieve workload, and education plans and programs) are available in more than one third of the sample companies. Arrangements creating external-numerical flexibility (like external job meditation and support for self-employment) are clearly less available in all four countries, although they are relatively more popular in the Netherlands. Finally, arrangements creating wage flexibility (like flexible pay and demotion) are only available in a minority of the sample companies.

The availability and use of arrangements providing working time and functional flexibility are clearly more available in Denmark and Holland than in Germany and Belgium. The picture that emerges is that Dutch and Danish firms use all types of arrangements creating different types of flexibility to a higher extent than German and Belgian firms. Taken at face value this means that there are functional equivalents to early retirement in Danish and Dutch sample companies, which seem to use a more proactive and preventive approach towards older workers than German and Belgian firms. In all countries there is, nevertheless, considerable scope for extending the use of different types of arrangements and facilities to retain older workers and maintain employability.

Taken at face value, the respondents are conscious about creating arrangements and strategies that facilitate both flexibility and security. This should not be interpreted as an endorsement of flexicurity as a deliberate policy strategy for HRM managers, but rather as an indication that flexibility for the organisation can be combined with security for older workers. In accordance with the assumption of the flexicurity literature the respondents find that combination security (the ability to combine work with private life) is the most important type of security. Employment security (remaining active on the labour market, not necessary in the same job) is found to be the second most important type of security, while job security (remaining in the same job) and income

security (having income when leaving the workplace) are seen as less important, although income security has a higher priority in the Netherlands, while job security still has a relatively high priority in Germany.

In Germany and Belgium there seem to be a stronger legalistic and centralistic approach to regulating older workers, since legislation/government according to the respondents took initiative to the majority of these arrangements and facilities for older workers at the company level. In contrast, in the Netherlands and Denmark either collective bargaining or the employer/HR-department seems to take the initiating role. The high participation and employment rates of older workers in Denmark and the Netherlands might therefore be related to the availability of measures and arrangements creating different types of flexibility for firms in personnel management as well as the implementation structure for initiating these arrangements. Alternatively, in Germany and Belgium there is less activity in personnel management towards older workers, and a stronger early retirement culture, which is underpinned by legislation.

These differences are also reflected in the recruitment, retention and dismissal decisions of personnel managers in the four countries. As a method to retain older workers around one-third of the companies in the sample say that they have a senior policy, but again we find strong country variation; from 55% in Denmark and 45% in Holland to 17% in Belgium and 11% in Germany. Senior policies are predominantly used for internal purposes (to adapt working conditions and retain older workers), and only to a lesser extent for external purposes (early retirement, recruitment or employability). On recruitment of older workers we find that almost two-thirds of respondents in Denmark have recruited older workers within the last year compared to less than one-third in Belgium. The most important reasons for recruiting older workers is to recruit staff for specialised tasks, the qualifications and experiences of the individual and to recruit an adequate number of employees. It, therefore, seems that older workers are recruited because of their individual competencies and qualifications, and irrespective of age. The recruitment decision; whether or not to recruit older workers, is a question of matching demand and supply for labour. According to respondents older workers are recruited (or not recruited) on the same criteria as any other group of employees, not because they have special advantages or disadvantages (like higher or lower performance, loyalty, commitment, or shorter or longer career perspectives). Therefore, a preliminary finding is that the (positive and negative) stigmas attached to older workers in public debates, does not seem to influence the recruitment decisions of company managers in the sample. This finding, however, is modified by the fact that respondents may tend to answer in a socially desirable way.

Denmark and the Netherlands are often cited as the two most prominent country examples of “real-life” flexicurity (albeit two very different forms of flexicurity). On the basis of our survey on flexibility and security for older workers it is clear that there are a greater range of various measures providing flexibility for companies and more activating forms of security (employment and combination security) in Denmark and the Netherlands, and that this could be an explanation for the higher participation/employment rates and later exit from the labour market in these two countries.

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