

## Mutual Learning Programme Database of National Labour Market Practices

### Germany - Perspective 50plus - Employment Pacts for Older People in the Regions

*This database gathers practices in the field of employment submitted by European countries for the purposes of mutual learning. These practices have proven to be successful in the country concerned, according to its national administration. The European Commission does not have a position on the policies or measures mentioned in the database.*

<b>Source of national practice</b>	PES to PES Dialogue Peer Review (Nürnberg, May 2012)
<b>Title of the policy or measure (Original language)</b>	Perspektive 50plus - Beschäftigungspakte für Ältere in den Regionen
<b>Title of the policy or measure (English)</b>	Perspective 50plus - Employment Pacts for Older People in the Regions
<b>Country</b>	Germany
<b>Name of the responsible body</b>	Federal Ministry of Labour and Social Affairs (Bundesministerium für Arbeit und Soziales)
<b>Geographical scope of the responsible body</b>	National
<b>Name(s) of other organisations involved (partners/sub-contractors)</b>	The Federal Employment Agency (PES); Public authorities; Employers; Civil society organisations; Social partners
<b>Start year of implementation</b>	2005
<b>End year of implementation</b>	Ongoing
<b>EU policy relevance</b>	The measure is in line with the Europe 2020 Strategy and with the flagship initiative “An Agenda for New Skills and New Jobs”. In particular, it supports the overall 75% employment rate target defined in the Europe 2020 Strategy. Additionally, this measure is in line with the Employment Guidelines to increase labour market participation of older workers. The Lisbon Strategy likewise addresses the importance of active ageing policies. Despite this strategy, more than half of the EU countries in 2010 did not reach the Lisbon target of 50% of older workers in employment.

<p><b>National labour market context</b></p>	<p>The German labour market is facing major challenges due to its ageing population and policy measures that have increased early retirement.</p> <p>In the 2000s Germany nonetheless showed positive developments with regard to older workers' labour market participation. The employment rate of older workers increased from below 50% to 66%, and the unemployment rate decreased 20%. In the same period older workers showed an increasing will to remain in employment; in 2010 seven out of ten persons in this age cohort were either in employment or job-seeking.</p> <p>Given the importance of ensuring adequate skills supply through older workers' labour market participation, the German PES, Federal Employment Agency (Bundesagentur für Arbeit, BA), introduced a range of measures to support the labour market participation of older workers. These included support for older unemployed persons as well as services for employers.</p>
<p><b>Policy area</b></p>	<p>Labour market participation, Skills supply, productivity and lifelong learning</p>
<p><b>Specific policy or labour market problem being addressed</b></p>	<p>The main problem being addressed was the low participation of older workers in the labour market due to obsolete skills, decreasing employability and psychosocial obstacles for especially the long-term unemployed. Furthermore, a trend of early retirement had been prevailing. Local employers' and institutions' inadequate awareness of and lack of interest in this age group was a hindrance to effectively addressing the problem. This had resulted in an increasing skills shortage as older workers did not develop their employability, and retired workers could not be replaced.</p> <p>In 2010, the Institute for Employment Research (IBA) foresaw that the share of workers aged over 50 would increase from roughly 27% in 2010 to 34% in 2020. This highlighted the need for implementation of preventive measures in order to avoid future skills shortages in the labour market.</p> <p>Subsequently, the PES continuously strengthened the effort to promote sustainable employability through lifelong learning and the reintegration of older long-term unemployed persons into the labour market.</p>

<p><b>Aims and objectives of the policy or measure</b></p>	<p>The goal of the measure was to increase older workers' labour market participation through individual support to the long-term unemployed and mobilisation of the local institutional networks to promote recruitment of older workers. Essential in this measure (compared to other PES measures) was the <b>mobilisation of local responsibilities and the establishment of regional networks through “employment pacts” (partnerships)</b> in the respective regions where the measure was implemented.</p> <p>The measure on the one hand allowed jobcentres to support the long-term unemployed and older workers individually. On the other hand it also allowed jobcentres to engage as partners in regional networks in collaboration with other social partners. Jobcentres in this way functioned as a ‘mediator’ between older workers, social partners and potential employers.</p> <p>Designing regional networks of social partners was intended to create structures that could facilitate older unemployed persons' labour market participation as well as promote local societies' general awareness of the importance of taking preventive measures in the context of demographic challenges.</p>
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<p><b>Main activities/actions underpinning the policy or measure</b></p>	<p>The <b>main activities in the “Employment Pacts”</b> consisted of services to both employers and older long-term unemployed persons. Integration of older unemployed persons into the labour market was a complex process given their professional, personal and social barriers to entering employment as well as employers’ attitudes towards older workers. In order to facilitate the process, services were <b>tailored to meet the needs of the employer and the unemployed person.</b></p> <p><b>Services to employers included:</b></p> <ul style="list-style-type: none"> <li>• <b>Support to identify the right job candidates.</b> Through development of job descriptions, counsellors at jobcentres supported employers in identifying suitable unemployed persons to fill vacancies (especially in the case of small companies without Human Resource Departments).</li> <li>• <b>Integration subsidy and tailored support.</b> The integration subsidy of up to 50% of the wage (for 36 months at the longest) covered an employer’s financial risks when employing an older worker. To support prospects for permanent employment, the employer was also obliged to keep the older worker after termination of the subsidy. The mandatory employment period had to correspond to the subsidy period, but would last for maximum 12 months. Additionally, the employer received company tailored advice to support the integration process of the older worker.</li> <li>• <b>Knowledge exchange.</b> Participants in regional pacts had the opportunity to learn from each other through dissemination of good practices in workshops and via an online platform.</li> </ul> <p><b>Services to unemployed persons included:</b></p> <ul style="list-style-type: none"> <li>• <b>Profiling.</b> In order to match job-seekers with employers, counsellors at jobcentres carried out a social and professional profiling of the job-seekers.</li> <li>• <b>Liaison with employment agencies.</b> Jobcentres liaised with employment agencies to offer older unemployed persons a variety of opportunities to enter employment.</li> </ul>
<p><b>Geographical scope of policy or measure</b></p>	<p>National</p>
<p><b>Target groups</b></p>	<p>Older workers and unemployed (aged 50 to 64 years)</p>

<p><b>Outputs and outcomes of the policy or measure</b></p>	<p>The measure led to <b>increased labour market participation of older workers</b>.  In 2011 <b>more than 200,000 unemployed persons participated in “Perspective 50plus”</b>. Outputs for these participants included:</p> <ul style="list-style-type: none"> <li>• <b>Over 70,000 of the participants entered employment.</b>  Many of the participants had no vocational qualification, and participating immigrants often had language difficulties. Additionally, the share of participants living alone was higher than in the general population. The measure’s individualised counselling supported the development of employability and removal of personal and social barriers to enter employment.</li> <li>• 34% of the employment contracts were supported by an integration subsidy. This highlights that <b>the majority of the employment contracts were not supported financially</b>. The reason for this could be attributed to the counsellors’ tailored guidance to employers when hiring older workers. Employers’ increased knowledge of the older workers skills and potential may have increased their confidence in their added value to the labour force and thus why they did not consider a subsidy to be necessary.</li> </ul>
<p><b>Management and implementation arrangements</b></p>	<p>In 2012 the “Perspective 50Plus” covered 78 regional employment pacts.  Jobcentres implemented the programme on behalf of the PES and in collaboration with the regional networks (consisting of companies, chambers and associations, educational institutions, municipalities, politicians, social partners, churches and social organisations).  The strategic and operational objectives of PES were developed by the PES’ Executive Board. Additionally, a tripartite Board of Governors (21 members consisting of 7 employer representatives, 7 employee representatives and 7 representatives of public authorities) approved the annual budgets and business objectives, as well as the yearly report to the Ministry of Labour and Social Affairs.  The first phase of programme implementation took place between 2005 and 2007, and the second phase took place from 2008 – 2010. The third phase was planned to cover the period between 2011 and 2015.</p>

## Key challenges

- **The sustainability of older workers' employability during financial recovery.** Employability could decrease again without continuous awareness of skills development and lifelong learning. In the context of financial recovery employees are faced with lower risks of redundancy. This means that both workers and employers could become less likely to prioritise skills development for older workers due to increased business activity.
- **Motivating employers to take responsibility in tackling demographic challenges.** In 2012, the PES intensified their counselling of employers in order to motivate them to undertake preventive activities and private investments in relation to the retention and employment of older workers. The challenge was to persuade employers of the necessity for this.
- **Deadweight effects.** Deadweight effects arise, if employers receiving subsidies would have employed people even without the subsidy. In the German case 34% of the employment contracts (2011-2012) were supported by integration subsidies. On the one hand, the minority of contracts supported by subsidies indicates that deadweight effects were more limited (which may have been due to job centres' counselling to the employers and who then have been convinced about the value of employing older workers). On the other hand however, employers receiving subsidies were obliged to keep older workers after the granting period. The low share of employers receiving a subsidy could thus also be seen as a way to avoid the obligation to keep older workers. The avoided deadweight effects could in this case have been replaced by short-term working contracts.

<p><b>Key conditions for success</b></p>	<ul style="list-style-type: none"> <li>• <b>Partnership approach.</b> A key condition for success in “Perspective 50plus” was the partnership between employer, counsellor and job-seeker. The jobcentre’s role as mediator between employer and job-seeker played a crucial role in facilitating the integration of the unemployed person into the work place. The partnership in this way contributed to already existing measures to promote older workers’ employment opportunities.</li> <li>• <b>A personalised approach.</b> Unemployed older persons were provided with individual coaching in their job-seeking process. The counselling was based on a person oriented approach instead of a mainstream target group approach based on for example age. This personalised approach was capable of taking into consideration the individual’s life experiences and socioeconomic circumstances.</li> </ul> <p>Key conditions for transferability to other contexts:</p> <ul style="list-style-type: none"> <li>• <b>Mobilisation of local partnerships.</b> Empowering local actors to take responsibility for labour market integration of older workers is an important factor for transferability. The German case demonstrated a significant mobilisation of regional networks and local actors which enabled the Perspective 50plus to be highly contextualised to the specific needs of the region.</li> <li>• <b>Multiple approaches.</b> The success of older unemployed persons’ labour market integration not only relied on employment policies, it also relied on other welfare policies to support older persons in relation for example to health and family responsibilities.</li> <li>• <b>Lifelong learning culture.</b> Nurturing a lifelong learning culture is important in order to increase employers’ and older workers’ awareness about the benefits of retaining and recruiting older workers, as well as develop their skills to improve employability, regardless of subsidies.</li> </ul>
<p><b>Method of assessment</b></p>	<p>External academic study</p>
<p><b>Type of assessment</b></p>	<p>Qualitative and quantitative assessment</p>
<p><b>Duration and frequency of the assessment</b></p>	<p>The measure is monitored and evaluated annually. The website of the measure offers access to the evaluation covering the period between 2008 and 2010 (the second phase of implementation).</p>

<b>Further information on the assessment</b>	<p>The external evaluation of “Perspective 50plus” was partly financed by the Federal Ministry of Labour and Social Affairs and carried out in collaboration with the University of Duisburg-Essen (Universität Duisberg-Essen). It supplemented the continuous and systematic internal monitoring of general ALMPs.</p> <p>The monitoring of the programme is focusing on indicators relating to labour market integration of unemployed persons, as well as through TrEffeR (Treatment Effects and Predictions) analysing the effects of labour market measures from a time perspective.</p>
<b>Links to the website, background information and assessment material</b>	<ul style="list-style-type: none"> <li>• <a href="#">Background materials from the PES to PES Dialogue Peer Review</a></li> <li>• <a href="#">Evaluation, short version (2008 – 2010)</a></li> <li>• <a href="#">Evaluation, closure report of the second phase (2008 – 2010)</a></li> <li>• <a href="#">Link to the Mutual Learning programme</a></li> </ul>
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<b>Keywords</b>	<p>older workers; employability; lifelong learning; PES; labour market participation</p>