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**Working Paper**

## Working-time options over the life course: New challenges to German companies in times of crisis

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Philip Wotschack

## **Working-Time Options over the Life Course**

New Challenges to German Companies  
in Times of Crisis

Discussion Paper SP I 2010-502

April 2010

**Social Science Research Center Berlin (WZB)**

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**Education, Work, and Life Chances**

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## **Abstract**

The significance of life-course oriented approaches to working-time organisation is heightened in the current context of demographic change and profound transformations in the system of gainful employment and employment biographies. The aim of these approaches is to create new and better ways for employees to adapt their working time to their changing needs over the life course to have time for providing care and nursing, and for recreation and further education. This paper uses empirical examples of long-term or working-life time accounts to examine whether and under which conditions these approaches are actually implemented in company practice. It also outlines new risks and challenges raised by the recent economic crisis. First, current demands regarding the organisation of working time are outlined and new approaches to life-course oriented working-time policy are presented. The opportunities and restrictions associated with individual options for the organisation of the working lifetime are then discussed on the basis of recent research results on the distribution and utilisation of working-life time accounts. The results indicate that there are significant barriers to and difficulties with the implementation of working-life time accounts. They underline the need for an integrated approach to life-course oriented working-time organisation that links individual working-time options with working-time reductions and active employment policy at both the company and collective-bargaining and statutory levels (Section 5).

## **Zusammenfassung**

Vor dem Hintergrund des demografischen Wandels und tiefgreifender Veränderungen im System der Erwerbsarbeit und Erwerbsverläufe erhalten lebenslauforientierte Ansätze der Arbeitszeitgestaltung eine große Bedeutung. Sie sollen für die Beschäftigten neue Möglichkeiten eröffnen, um die Erwerbsarbeitszeit besser an die im Lebenslauf wechselnden Betreuungs-, Pflege-, Erholungs- und Weiterbildungsbedarfe anzupassen. Der Artikel untersucht am empirischen Beispiel von Lebensarbeitszeit- oder Langzeitkonten, ob und unter welchen Voraussetzungen diese Möglichkeit in der betrieblichen Praxis tatsächlich realisiert wird. Dazu werden zunächst aktuelle Anforderungen an die Arbeitszeitgestaltung skizziert und neue Ansätze der lebenslauforientierten Arbeitszeitpolitik vorgestellt. Die Möglichkeiten und Grenzen von individuellen Optionen zur Gestaltung der Lebensarbeitszeit werden anhand aktueller Forschungsergebnisse zur Verbreitung und Nutzung von Langzeitkonten diskutiert. Die Ergebnisse deuten auf erhebliche Barrieren und Schwierigkeiten beim Einsatz von Langzeitkonten hin. Sie unterstreichen die Notwendigkeit eines integrierenden Ansatzes der lebenslauforientierten Arbeitszeitgestaltung, der auf betrieblicher und überbetrieblicher Ebene individuelle Arbeitszeitoptionen mit niedrigeren Arbeitszeitstandards und aktiver Beschäftigungspolitik verbindet.



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# 1. Introduction\*

The significance of life-course oriented approaches to working-time organisation is heightened in the current context of demographic change and profound transformations in the system of gainful employment and employment biographies. The aim of these approaches is to create new and better ways for employees to adapt their working time to their changing needs over the life course to have time for providing care and nursing, and for recreation and further education. This paper uses empirical examples of long-term or working-life time accounts to examine whether and under which conditions these approaches are actually implemented in company practice. It also outlines new risks and challenges raised by the recent economic crisis. First, current demands regarding the organisation of working time are outlined (Section 2) and new approaches to life-course oriented working-time policy are presented (Section 3). The opportunities and restrictions associated with individual options for the organisation of the working lifetime are then discussed on the basis of recent research results on the distribution and utilisation of working-life time accounts (Section 4). The results indicate that there are significant barriers to and difficulties with the implementation of working-life time accounts. They underline the need for an integrated approach to life-course oriented working-time organisation that links individual working-time options with working-time reductions and active employment policy at both the company and collective-bargaining and statutory levels (Section 5).

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## **2. The transformation of employment biographies: New demands on working-time organisation**

The structure of gainful employment and the employment biographies of workers are changing. One significant characteristic of this trend is the increase in risks and in the necessity for action with respect to the way that workers shape their lives (cf. Anxo et al., 2008; Ester et al., 2008; Schmid, 2008; Groot & Breedveld, 2004; Naegele et al., 2003).

(1) Periods of unemployment and company or occupational crises have become the new normality for many workers – a situation that has been further exacerbated by the current economic crisis (European Commission, 2009). The prospects of enjoying uninterrupted employment biographies, long-term employment with a single employer and career trajectories within one company are generally more limited nowadays (Heinz, 2005; Schmid & Protsch, 2009) and are likely to become even slimmer as the crisis persists. The share of temporary, precarious and unstable forms of employment has increased. Even at the beginning of the crisis, in Germany, around three million workers were already in precarious employment relationships in Germany (Giesecke & Wotschack, 2009). According to a representative survey carried out by Sozialforschungsstelle Dortmund (Dortmund Social Research Center) at the end of 2005, almost every third German enterprise had reacted to falling orders by laying off temporary employees. There is thus substantial evidence that the weakened economic climate is leading enterprises to cut back on so-called non-core workers. There is a particular need for supportive measures to maintain and/or improve the labour market chances and employability of the groups at risk of job loss, for example through the enhancement of skill potentials with a view to creating access to new employment opportunities (European Commission, 2008; Moraal, 2007).

(2) The access of enterprises to human capital has grown overall. High workloads increase the risk of premature unemployment or occupational invalidity and restrict the duration of workers' potential tenure in the employment system (Green, 2007; European Commission, 2009). The flexibilisation and lengthening of working hours in recent years have shifted the temporal parameters in favour of the area of employment (Seifert, 2004). This jeopardizes both the reconciliation of gainful employment with other areas of life, especially those involving family and care obligations, and the long-term maintenance of health (Plantenga & Remery, 2006; Fagan, 2004; Wotschack et al., 2007). At the same time, short innovation cycles and new strategies of work organisation and personnel management pose new and constantly changing demands on employees with respect to job specifications and skill requirements and presuppose their investment in continuous further training (cf. Bosch et al., 2010; Mayer & Solga, 2005; Solga, 2005; Adecco Institute, 2009).

(3) As a consequence of growing women's employment and new employment arrangements and family constellations, the traditional male life course – based on a tripartite division into a training, employment and retirement phase – is losing significance, as is its alleged female counterpart in the form of a training phase, employment phase and family phase. In addition, as the population ages, care demands on families are increasing (Den Dulk & Van Doorne-Huiskes, 2008). Frequent overlaps and (recurring) transitions between phases of training, employment, child care, nursing care, unemployment, different employers and vocational reorientation are increasingly the norm. The time burden in the mid-phase of life is extremely heavy on workers with family and care responsibilities, which can lead – especially for women, but increasingly also for men – to severe problems in managing the work-life balance (Fagan, 2004; Cousing & Tang, 2004; Plantenga & Remery, 2006; O'Reilly et al., 2000; O'Reilly, 2003).

(4) Rapid demographic change – caused by low birth rates alongside growing life expectancy – and the associated social and economic risks have set into motion a political debate on reform calling for longer employment durations and an increase in the labour force potential of society (see European Commission, 2005, and 2008). Important interim goals identified along this path are improved possibilities for both men and women to reconcile the occupational and non-occupational demands facing them in life. The keywords here are “easing” of dense time burdens in mid-life, redistribution of employment and care work between women and men, and lifelong learning approaches within the context of in-company further training.

The changes outlined here are straining the confines of many of the existing institutional arrangements at statutory, collective agreement and company level, so that new solutions are now required (Anxo et al., 2008: 83; Ester et al., 2008; Schmid, 2008; Schmid & Gazier, 2002). New approaches to the organisation of working time that seek to reorganize working time over the course of workers' employment biographies can play an important role here (Klammer, 2008; Anxo & Boulin, 2006; Den Dulk, 2001). These are discussed in the following in terms of the concept of life-course oriented working-time organisation.

### 3. Life-course oriented approaches to working-time organisation

The concept of life-course oriented working-time organisation concerns arrangements that enable better adaptation of individual working time to the changing demands of the different spheres of life over the life course. In Germany, the 7th Family Report of the German Federal Ministry for Family Affairs, Senior Citizens, Women and Youth has recently stressed the concept of “optional periods” (*Optionszeiten*) to describe an approach that would enable workers to take time out during their working life for family duties (“care periods”), for preventive or reintegrative training measures (“educational periods”) and for civil engagement (“social periods”) (BMFSFJ, 2006).

A main prerequisite for such options (their implementation via the concept of optional periods will not be discussed further here<sup>1</sup>) is the possibility of periodic reductions (at least) in the volume of working time over the course of working life in accordance with individual family, educational or health-related needs. Such options must also take into account the unpredictability and complexity of these needs, for example as a result of changing interests and life situations, personal or occupational crises, or the unexpected need to provide care or nursing (Den Dulk et al., 2008; Anxo & Boulin, 2006; Naegele et al., 2003).

The extent to which such options are actually available in practice for employees depends first and foremost on in-company working-time arrangements, which cannot, in turn, be seen in isolation from individual companies’ working-time organisation, performance policy, remuneration structure and corporate culture. In the current debate on working time, it is possible to identify three basic approaches to achieving better adjustment of the volume of working time to specific temporal needs over the life course (for further details cf. Anxo et al., 2006 and 2008).

*First*, we find approaches that enable a reduction of gainful employment on the occurrence of events that have been defined in advance or when a worker arrives at a particular age threshold. Examples are maternity leave, parental leave, nursing-care leave, semi-retirement and regulations on (early) retirement. These can be termed “life-phase oriented” working-time options because they are linked to the occurrence of particular events such as the birth of a child or the worker’s arrival at statutory retirement age.

Such approaches are distinguished, *second*, from optional models that allow employees to react individually and flexibly to their concrete time needs and time interests over the life course, for example by means of leave and part-time options, working-time accounts and working-life time models. These ap-

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1 On this topic, see the further-reaching concept of “guaranteed optionality”, which explicitly envisages binding entitlement to individual working-time reductions.

proaches can be called “life-course oriented” working-time options, because they are not necessarily bound to the occurrence of predefined life phases or events, rather are formally subject to the decisions of the individual worker.

A *third variant*, which has not been at the forefront of political debate in recent years, but may certainly become significant again in the context of the current economic crisis, seeks collective reduction of weekly working hours (see, e.g., Spitzley’s 2005 proposal regarding “short full-time”). Unlike the life-phase oriented model outlined above, this approach could represent the basis for better reconciliation overall between the different areas of life.

Optional models of life-course oriented working-time organisation are currently receiving particular consideration in the public debate. For Germany this is evidenced, for example, by the above mentioned concept of “optional periods” described in the 7th Family Report, and most recently by a number of “demographic collective agreements” signed by German trade unions. For the last few years, enterprises, too – under the concepts of “demographically conscious personnel management” (cf. Bertelsmann Stiftung, 2008) and “life-cycle oriented personnel work” (IW 2006) – have increasingly been anticipating the risks and problems associated with demographic change as represented by ageing workforces, the generally diminishing labour force potential and the growing need for skilled labour (see, e.g., the Kienbaum study “Personalentwicklung 2008”). In this context, working-time organisation is named as a major field for action, in addition to reconciliation of work and family life, lifelong learning, personnel development, management of age and ageing, and health management (cf. IW, 2006; Econsense, 2006; Adecco Institute, 2009). In recent years, many enterprises have launched projects in the areas of demographically conscious and life-cycle oriented personnel work (cf. Bertelsmann Stiftung, 2008; Wotschack & Hildebrandt, 2008). As regards the area of working-time organisation, models have been introduced in particular that appear suited to reconciling enterprises’ need for flexibility with individual organisational options for employees. In this respect, enterprises, the state and the bargaining partners are especially examining long-term or working-life time accounts as a potential new instrument of life-course oriented labour policy. The question that thus arises is how this instrument affects company practice and whether and under which conditions it actually does justice to the goals of life-course oriented working-time organisation.

#### **4. Individual options for organising working time over the life course: Working-life time accounts in company practice**

The utilisation of working-life time accounts and their potential for the life organisation of workers was the leading question behind our empirical research project “Working-life time accounts and biographical life organisation” carried out from 2006 to 2008 at the Social Science Research Centre Berlin (WZB)<sup>2</sup> (for details, see Hildebrandt et al., 2009; Wotschack & Hildebrandt, 2008). The study was based on a representative company survey, detailed interviews with decision-makers and experts in leading companies, and standardized employee questionnaires and in-depth interviews with workers. The most important results of our study with respect to the importance of working-life time accounts in the context of life-course oriented working-time organisation will be outlined in the following. They evidence fundamental barriers to and difficulties with the implementation of life-course oriented working-time options, which provide insights as to required improvements and extensions to working-life time models – also in reference to the current economic crisis.

Working-life time accounts are defined in the following as all working-time accounts with a balancing period of over one year. In autumn 2005, 7% of the German companies offered their employees working-life time accounts, while among large enterprises with more than 500 employees, every fourth company already had such accounts (Wotschack & Hildebrandt, 2008). The basic functioning of a working-life time account is simple: employees can deposit overtime hours, other time components (such as residual holiday leave) or due remuneration in a time account over the course of many years and then withdraw these deposits at a later point in time for prolonged periods of leave, for example for holidays lasting several months, or for childcare, further training or early retirement. The advantage for enterprises is greater scope for flexibility. In periods of high demand, they can avail of overtime work by their employees without having to compensate these extra hours directly – i.e., immediately – through remuneration or free time or by means of supplements or bonuses. Every hour worked above and beyond contractually agreed weekly working hours can be deposited in the working-life time account. At the same time, the enterprise thus has a working-time instrument at its disposal that enables better reconciliation of work and family life over the employees’ employment biography and with which time periods for lifelong learning in the context of in-plant further training can be created.

Working-life time accounts can be of great benefit to employees especially in the family phase of life, when the presence of children increases the household’s need for time and money in equal measure. They allow workers to with-

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2 The study was funded by the Hans-Böckler-Stiftung

draw time from the account and work less during certain periods without having to forfeit their income. The same applies to other goals, such as further training and study, voluntary activities, early or gradual retirement, and lengthy time-out periods for recuperation and relaxation. The availability of such time options over the course of life can contribute not only to increasing employees' satisfaction and the quality of their work and life in general; they also offer the possibility of compensating for overtime hours at least in the long term and using the time gained for maintaining health and employability and achieving more successful reconciliation of gainful employment with other areas of life.

#### 4.1 Low distribution and low utilisation

The results of the project on the actual utilisation of working-life time accounts are rather sobering, however. Working-life time accounts are rarely found in small and medium-sized enterprises, in particular. In those companies where working-life time accounts are made available, their designated purposes are often limited. In large enterprises, especially, these accounts are mainly used for dealing with the transition into retirement (cf. table 1).

Table 1: *Distribution of uses for working-life time accounts, by company size (multiple responses possible) – in %*

	<i>All companies</i>	<i>1-9 employees</i>	<i>10-49 employees</i>	<i>50-249 employees</i>	<i>250+ employees</i>
Further training	17	17	12	27	50
Sabbatical	6	2	9	17	27
Family time	27	17	39	42	26
Temporary part-time	30	17	45	47	28
Semi-retirement	7	6	1	23	69
Early retirement	6	6	1	20	54
Other	64	64	70	51	34

*Only companies with working-life time accounts: n=204*

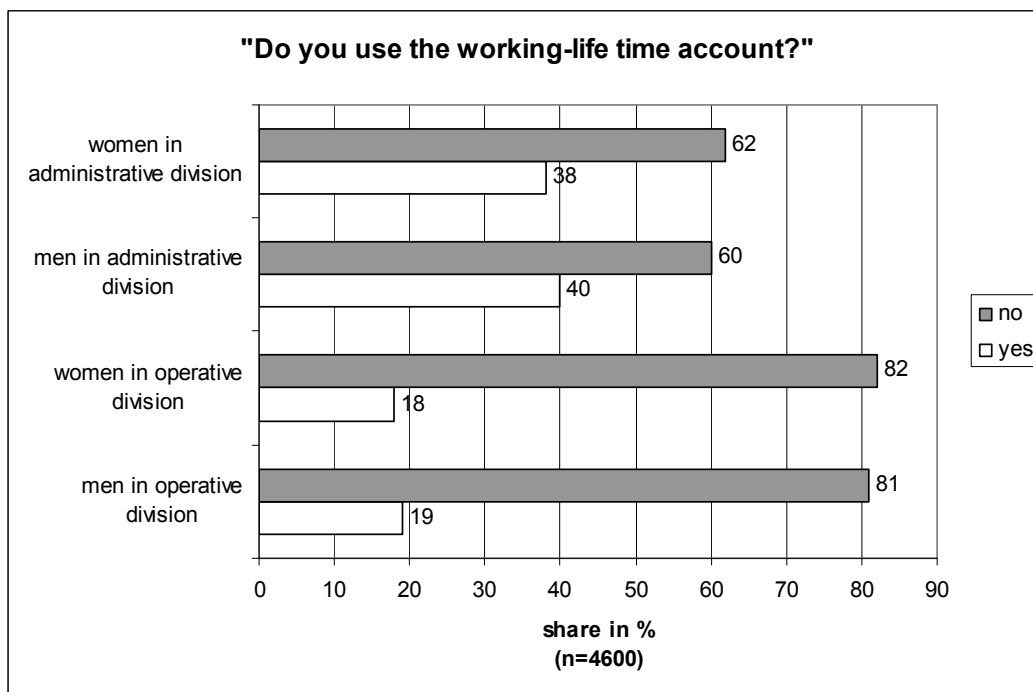
Source: Evaluation by WZB of representative company survey carried out by Sozialforschungsstelle Dortmund (2005)

In addition, in most companies, adjustment to fluctuations in orders plays an important role in this context. When working-life time accounts are organized in this way, little time credit can be accumulated for later use for training, family life, care-giving or recuperation. This can be demonstrated by a simple model calculation: If every year two hours a week are deposited in the working-life time account, it would take around 22 years – given 220 working days a

year – before leave amounting to one year would become possible. The way that this time credit is then used – either preventively so as to achieve a better balance between the different areas of life or for further training, or remedially for early exit from working life – must be given careful consideration. Workers would hardly find it possible to do both.

Surprisingly, few employees in companies with working-life time accounts tend to actually use the accounts, and if they do, then they do so by and large modestly. Among the workers surveyed in a large service company (with over 10,000 employees), only every fourth availed of this possibility. This general impression is supported by the results from almost all the companies surveyed. Likewise among the workers questioned in a medium-large industrial company (with less than 10,000 employees), at the time of the survey only every fourth was in favour of extending the existing working-time accounts into the form of a working-life time account.

Figure 1: Utilisation of working-life time accounts, by gender and corporate division



Source: Evaluation by the WZB of a survey among employees in a large service enterprise (cf. Wotschack et al., 2008)

A major problem that emerges is that the working-life time account is used significantly less by employees who work in the operative or blue-collar sector (cf. Figure 1), who have low skills and income, who have precarious employment relationships and who have to cope with challenging non-work demands outside their occupation.

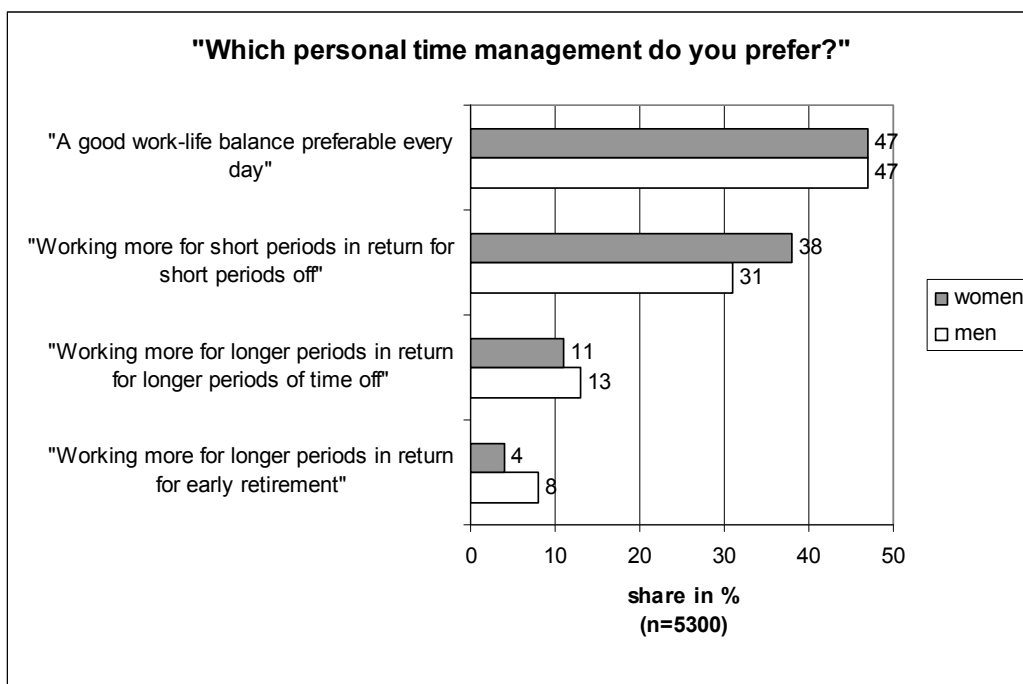
Thus, those employees who are faced particularly often with problems of reconcilability and health deterioration and have considerable need for further training are the very ones who have the least credit in their working-life time accounts. In short, the working-life time account is available less often to those employees for whom it is meant to represent a particularly important instrument within the framework of life-course oriented working-time organisation. What are the reasons for this?

## 4.2 Reasons for low distribution and low utilisation

Our study identified five barriers to use that represent a severe impediment to widespread adoption and successful application of working-life time accounts within the context of life-course oriented working-time organisation.

1. *Limited temporal and financial resources:* The maintenance of the daily work-life balance leaves workers little scope to use the working-life time account. Most employees – regardless of gender, company position and life phase – attach high priority to an appropriate balance between work and non-work activities (cf. Figure 2). Many workers from low-skilled and low-income groups, who depend on remuneration for overtime hours, and many workers with small children or care-giving duties, have little time left for accumulating hours in their working-life time account.

Figure 2: Preferred time management of male and female workers



Source: Evaluation by WZB of a survey among employees in a large service enterprise (cf. Wotschack et al., 2008)



2. *Inadequate integration with and support from personnel policy:* In company practice, working-life time accounts are often used as an “alternative solution” to state-funded semi-retirement or premature exit from working life. Employees rarely receive explicit encouragement to make individual use of working-life time accounts during their working lives. Indeed, employees who wish to withdraw time deposits often meet with reservations on the part of their superiors. One of the problems here is a lack of relevant training and experience on the part of managers. As a result, employees often receive little assistance in the use of the working-life time account. We also found that there was no systematic link between the working-life time account and other areas of personnel work in any of the companies we surveyed. Even companies with specific programmes in the areas of further training, health and reconcilability do not integrate these with the working-life time account.

3. *Lack of long-term perspective:* A working-life time account does not develop its full benefit until the medium or long term, when substantial time deposits have been accumulated. However, a long-term perspective is no longer a matter of course for a growing share of workers. Temporary employment contracts, precarious career paths and the threat of job loss make the likelihood of remaining at length with a single company seem uncertain. Almost all the enterprises we surveyed have made substantial redundancies in recent years, which has created great insecurity among the employees. Of the service employees we questioned, only every second worker reported a sense of job security, and only every fourth envisaged good career prospects for him- or herself. If a worker’s future in a company is uncertain, then the sense and purpose of a working-life time account also becomes doubtful.

4. *Problems with insolvency protection and transferability:* In the case of premature termination of the employment relationship, the working-life time account is said to “break down”. This usually means that the credit in the account should be reimbursed monetarily. However, this option does not always exist in current practice, which increases the risk that the credit will be forfeited. According to a representative survey carried out by the German Institute for Employment Research (IAB), in 2006 only one third of enterprises had protected their working-life time accounts against insolvency (Fischer et al. 2007). Protection against insolvency is much more widespread in German companies with a works council, according to a works council survey carried out by the WSI in 2007. Insolvency protection is especially a problem in small and medium-sized companies and in those without a works council. While a new German (“*Flexi II*”) law (on improving the parameters for the protection under social law of flexible working-time regulations) created the possibility to transfer credit to the new employer, there is still no guarantee that the new employer will actually take over the credit. These uncertainties render the working-life time account less attractive for many workers.

5. *Impaired trust:* An important variable that influences the acceptance of working-life time accounts in enterprises is the working-time and corporate cul-

ture of the enterprise itself. Workers who have experienced a balanced equilibrium between company and employee interests in the past, who trust the management and executive levels, and who envisage security and career possibilities for themselves in the company are also more willing to use a working-life time account. By contrast, impaired relationships of trust in these areas have a negative effect on employees' willingness to adopt a new working-time instrument such as the working-life time account.

### **4.3 New risks posed by the economic crisis**

All in all, the results of our study show that the potential of working-life time accounts to improve the balance between different areas of life over the employment biography or to increase participation in further training by employees has hardly been exploited to date. A particularly serious problem appears to be the instrument's high degree of selectivity, which leads to particularly low utilisation of working-life time accounts among employees in the blue-collar or operative sectors, among low-skilled and low-income groups, and among employees with care obligations. Moreover, employees in the group of so-called non-core workers, consisting of agency workers or workers on short-term contracts, are rarely entitled to a working-life time account.

In the current economic crisis, there is a growing risk that the goals of short- and medium-term safeguarding of employment will be sought at the expense of a preventive labour market policy geared towards the maintenance of employability and labour market availability. Preliminary evidence of this danger is found in recent studies. At the end of 2005 (i.e., prior to the current crisis), in a representative survey carried out by Sozialforschungsstelle Dortmund, almost two thirds of the companies with working-life time accounts reported that they reacted to slack order periods by depleting time credits. In a very recent ad-hoc survey of 1,700 German enterprises (between May and June 2009), almost a quarter of all companies (including those without working-life time accounts and those faced with declining demand) reported that they were reacting to the current crisis by using up time credits (IW Consult GmbH, 2009).

Similar to the instrument of short-time work, such consumption of overtime and time credits in order to bridge slack periods is associated with shifting costs onto employees, who use up their time credits in order to avoid a possible loss of income or of their job. The employees' medium- and long-term plans for the time credits, such as leave for family life, further training, early retirement or maintenance of a "time buffer" for the event that a family member might suddenly require care, can be jeopardized by this practice. Such access by the company to the employees' working-life time accounts – even if it takes place in the interests of the employees – runs the risk of undermining trust in this instrument. The concrete design and regulation of the working-time account or working-life time account are vitally important here. Some large enterprises have

separate account systems within the framework of working-life time accounts to ensure job security in the event of (long-term) falls in orders. There are also special, protected time accounts for in-company further training or for individual use. These solutions prevent the risk of the goal of job security standing in conflict with other goals. In the case of working-life time accounts, insolvency protection is another extremely important factor. Although insolvency protection is prescribed by law, in actual practice less than every third enterprise with working-life time accounts is insured against bankruptcy (Fischer et al., 2007). Thus, in times of crisis, especially, there is a substantial risk of employees losing their time credits as a result of company bankruptcy.

## **5. Conclusions: The need for an integrated approach to working-time policies**

Against the background of the problems outlined above, three conclusions may be drawn for a successful, life-course oriented organisation of working time. These become particularly important in the context of the current economic crisis and relate to (1) the concrete configuration of working-life time models (instrumental level), (2) required extensions to purely optional models of life-course oriented working-time organisation (company operational level) and (3) required supportive measures on the part of the bargaining partners and the state (state and sectoral operational level).

### **5.1 Specific orientation and design of working-life time models**

In order to make better use of the possibilities for implementing working-life time accounts within the framework of a life-course oriented or demographically conscious personnel policy, it would make sense to distinguish between leave for further training, recuperation, family life and care-giving, and other purposes such as early retirement or job security that are increasing in significance due to the current crisis. Some enterprises (e.g., Airbus) already have separate account systems for company and employee purposes and for joint company-employee interests such as bridging slack periods. These have proven to be effective in practice.

A systematic link between the working-life time account and company policy on further training, health and the work-life balance would also make sense. In this way, periods of time for lifelong learning, family, care-giving and recuperation could be created for company labour policy. In order that credit withdrawals are actually made possible for these purposes, there are two essential prerequisites: on the one hand, binding regulations regarding entitlement to withdrawals, and, on the other, specific training and advice for managers so that they are able to implement time withdrawals within the framework of the company's work organisation.

Finally, there is a clear need for specific, supportive measures for low-skilled and low-income groups and for employees with family and care duties, in order to also enable these groups to accumulate adequate time credits. At the same time, the access of so-called non-core workers (agency workers and workers on short-term contracts) to working-life time accounts should also be ensured. Not only is the job security of this group at particular risk, but the brief duration of their employment contracts also means that they are rarely able to build up benefit entitlements from unemployment insurance that would secure their livelihood. The accumulation of time credits in a working-life time account would enable them to bridge phases of unemployment and use the free time for

further vocational training. Given that one of the main reasons for the low utilisation of working-life time accounts are the structural temporal and financial restrictions faced by large groups of workers, a general increase in willingness to use them cannot be achieved only at the instrumental level. This is where company and sectoral policy on working time, remuneration and performance can play a role.

## **5.2 Linking optional instruments with working-time reductions**

The three varieties of life-course oriented working-time organisation described at the beginning of this paper – optional, life-phase oriented and collective working-time reductions – are not by any means mutually exclusive. On the contrary, they depend on each other in many respects and associations between them can be very productive, for example by linking collective working-time reductions with working-life time accounts or leave models. Thus, individual working-time options targeted at temporary reductions in working time or leave over the life course can only produce a comprehensive effect if standard working hours and work requirements leave scope for leave or phases of part-time employment. In addition to working-time organisation, appropriate company performance policy and adequate staffing are thus also required. In particular, individual account models (such as long-term or working-life time accounts) based on deposits of overtime hours and due remuneration will only help to comprehensively reduce the time burden on employees if their collectively agreed or contractual working hours allow them to accumulate sufficient time credits without severely jeopardising the daily balance between gainful employment, partnership, family life, leisure time and recuperation. This possibility rises the more the collectively or contractually agreed volume of working time decreases; in other words, overtime hours begin at a lower threshold. Finally, a role is also played by employment policy, which has become particularly significant under the circumstances of the current crisis: In order to develop a broad and integrative effect that also boosts job security and active labour market policy, life-course oriented working-time organisation must combine individual models of redistribution or restructuring of working time over the life course with a policy of collective redistribution of gainful employment and improved possibilities for participation in working life. An attempt to combine working-time reductions with the aims of employment security and the provision of time for further training was briefly evident in Germany's second economic recovery package (*Konjunkturpaket II*). In this context, the federal government had initially (until 30 June 2009) extended eligibility for short-time working allowance from twelve to eighteen months and at the same time provided incentives for further training measures. The Federal Employment Agency reimbursed employers for their entire social insurance contributions if

the period of short-time work was used for further training. This incentive was withdrawn again under the new regulation from July 2009 onwards.

### **5.3 Support for company working-time policy from the state and collective bargaining**

Research to date indicates that there is inadequate dovetailing between supportive measures and regulations at company, collective bargaining and legislative level (cf. Wotschack & Hildebrandt, 2008; Klammer, 2008). To date there is no evidence of a consistent, multilevel policy in Germany for dealing with the risks related to demographic change. On the contrary, there is a trend towards over-reliance on company-based approaches to preventive labour policy through the withdrawal or insufficient involvement of government policy, for example with respect to older workers' transition into retirement (cf. retirement at age 67 or the expiry of state-funded semi-retirement) and in the area of reconciliation between work and family life (cf. the infrastructure for childcare). Specifically, the question here is how "remedial" or "integrative" (Bertelsmann Stiftung, 2008) instruments of working-time and skills policy, which are aimed at safeguarding employability and the organisation of older workers' (aged 50 plus) transition into retirement, can be combined with "pre-emptive" or "preventive" approaches for younger workers while avoiding the danger of competition from or excessive demands on company labour policy. Potential negative consequences (evidenced by current research) range from a low commitment by companies to preventive labour policy to counterproductive measures in the shape of a higher burden on younger workers or a one-sided orientation of labour policy towards transition into retirement (cf. Wotschack & Hildebrandt, 2008). The long-term risk is the reproduction or, worse, the exacerbation of companies' difficulties due to demographic change; in other words, the opposite of a preventively disposed labour policy and life-course oriented working-time organisation.

All in all, the success of a working-time policy that takes account of demographic change and has a preventive orientation will depend substantially on whether it will prove possible to overcome the barriers to use described here and work towards a useful integration in working-time policy of optional, life-phase oriented and collective working-time reductions. The current crisis has further exacerbated the economic pressure. This increases the risk that economic cost-benefit calculations and rationalisation strategies to reduce personnel costs in the short term will become more prevalent and lend further weight to the barriers described here. In this situation, it becomes even more important to find ways to overcome them. Otherwise, restricted access to and unequal opportunities to make use of preventive labour policy instruments may further deepen existing social disparities in employment and career biographies.

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