

# eWork and New Forms of Work Organisation in Germany – Contribution to Collaboration@Work 2006 Status Report

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## Abstract

In Germany, multi-locational eWork continues to spread against a background of a growing need for more flexible forms of labour deployment. However, the potential of eWork to contribute to better work/life balance and to increasing workforce participation (by women and older people) is not fully exploited yet. One reason is that many aspects of German society, as well as the country's regulatory system, still reflect a time when the (male) sole owner household and lifetime employment were the norm – and everything else an aberration. A large number of policy initiatives – not all of which are well integrated into mainstream policy-making – aim to improve this situation. In addition, many companies and union initiatives explore innovative new ways of working which are sustainable – socially as well as economically.

## Key issues

- Broadband uptake is fast, but growth rates have lately lagged behind those in many other EU countries.
- Widespread broadband adoption is likely to improve the feasibility of eWork and make it more attractive to employers and workers.
- In a situation of improving (and increasingly ubiquitous) network infrastructure, non-technical barriers to eWork uptake become more important. In Germany, the conditions for new ways of working which radically change traditional patterns of control and social roles remain far from optimal.

## *Infrastructure for eWork: The ongoing shift to broadband*

In 2005, 54% of German citizens were estimated to regularly use the Internet (up from 50% in 2004), according to the European ICT Usage Household Survey. The share of households with access to the Internet was 62% in 2005 (2004: 60%). As in previous years, these numbers imply a slowing down of Internet diffusion in Germany – albeit at a high level, when compared to the EU15 average.

More important than overall Internet uptake figures is the development of broadband access. A number of studies commissioned by the public sector have shown that users of broadband – especially if it is unmetered, which has become the norm in Germany – are much more likely to make extensive use of the Internet including e-commerce, e-health and e-learning applications. Broadband Internet access has jumped from 18% in 2004 to 23% in 2005. At the end of 2005, there were 10.7 million broadband connections in Germany, the large majority of which using DSL technology. However, while this increase may seem impressive, growth has been slower in Germany than in other EU Member States, which means that the country has lost its lead which it enjoyed when ADSL was first rolled out.

A forecasting study<sup>1</sup> commissioned by the German Ministry of Economics and Technology and published in March 2006 came to the conclusion that the total number of broadband users will grow from 15.9 million in 2007 to 24.3 million in 2010, of which 21.5 million will be private users. 62% of all Internet connections will be broadband by that year. The study also predicts that alternative access channels will become more important, such as digital television (2010: 2.1 million users), 3G mobile networks (1.5 million) and other technologies (1.5 million).

The same study also attempted to forecast the macro-economic effects of broadband-enabled eWork in Germany. In order to do so, the authors assume that between 2004 and

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<sup>1</sup> Fornefeld, M., Oefinger, P. and Bräulke, T. (2006) "Gesamtwirtschaftliche Auswirkungen der Breitbandnutzung", March 2006, Bundesministerium für Wirtschaft und Technologie: Berlin.

2010, 2.5 million workplaces will be converted into tele-workplaces<sup>2</sup> as an effect of the availability of broadband Internet. According to this research, the resulting aggregate cost savings amount to €2.2 billion in 2004, €4.5 billion in 2007 and €6.7 billion in 2010.

#### *From telework to multi-locational eWork*

Companies that offer their staff home-based telework for a major part of their working time remain a minority in Germany. Most home-based telework is based on individual solutions agreed upon in order to please valued workers and to bridge times in which (mostly female) knowledge workers with young kids require increased flexibility to remain in the job.

On the other hand, though, there is little doubt that work in Germany is gradually becoming less restricted by the traditional constraints of place and time. As pointed out already in 2003 by the SIBIS study<sup>3</sup>, so-called multi-locational eWork has been growing strongly in recent years in Germany and across Europe, while home-based telework is diffusing only slowly. This process is likely to continue. A new study<sup>4</sup> by the UK-based Future Foundation comes to the same conclusion. It predicts that the share of teleworkers – using a definition which encompasses multi-locational eWorking – among the German workforce will grow to 81% by 2020. While forecasts such as this one are confined to the area of speculation, there is a growing consensus that the organisation of work in Germany will become more malleable and flexible – as this seems to be the only way to maintain productivity growth in the knowledge-intensive industries which matter most for the future.

The increasing demand for flexibility also implies that regulatory frameworks for new forms of work organisation such as telework tend to be rejected by German employers. The European Framework Agreement on Telework, signed by European social partners in 2002 in the form of a non-binding list of recommendations about how telework should be organised at the enterprise level, has not attracted much interest in Germany. This agreement is due for a review in 2006, the outcomes of which will determine whether the Commission will see the need for further action, i.e. issue a directive on regulation of eWork. German employer associations have asked their members to voice their protest against any further regulation in this area, which is seen as a threat to competitiveness.

#### *The political environment for eWork and New Forms of Work Organisation in Germany*

In 2005, the political agenda in Germany was preoccupied with questions surrounding the demographic challenge and how the social welfare system needs to be adapted in order to remain sustainable. Some activity was focused on how to make it more attractive for women to get children. Naturally, issues of work-life balance are at the core of this debate. Comparative research has found repeatedly that Germany offers much less favourable conditions with regard to the compatibility of employment and child bearing than other EU Member States – in particular neighbouring Netherlands and the Nordic countries.

One result is that women's participation in the labour market is low. Moreover, the share of young, employed mothers taking a period of parental leave over a longer time – usually up to three years, which is what young parents are entitled to by German labour law) – is much bigger in Germany than in other countries – a survey<sup>5</sup> found that the average duration of parental leave is 27 months in West Germany, and 19 months in the parts of Germany which formerly belonged to the GDR.

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<sup>2</sup> These number were derived from rough estimates by the Gartner Group, published in "Forecast: Teleworking, Western Europe, 2000-2010".

<sup>3</sup> [www.sibis-eu.org](http://www.sibis-eu.org)

<sup>4</sup> The Future Foundation (2005) "The Future of Teleworking", <http://www.futurefoundation.net/publications.php?disp=155>

<sup>5</sup> [www.u-asta.uni-freiburg.de/engagement/referate/soziales/kind/vaeter-und-erziehungsurlaub.pdf](http://www.u-asta.uni-freiburg.de/engagement/referate/soziales/kind/vaeter-und-erziehungsurlaub.pdf)

In August 2005, the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth (bmfsfj) published a Prognos study which explored the macro-economic effects of enterprise-level activities to increase work-life balance, including telework and multi-locational work. The study took account of four main factors of macro economic importance which are directly related to work-life balance measures: labour supply, birth rate, productivity and social welfare expenses. A scenario was calculated according to which by 2020, 30% of the total workforce are reached by corporate work-life balance measures. The study found that labour supply will increase by 0.7% under these conditions; the birth rate will be 0.16 higher than otherwise; productivity growth per head (across the entire workforce) will be 0.1 percentage points higher; and there will be savings in compulsory health insurance amounting to 3% of total spending.

These findings supported the results of an earlier study<sup>6</sup> issued by the same ministry in 2003 which found that company measures that effectively increase family-friendliness of work arrangements (including home-based telework) do have a measurable, positive effect on business performance. This effect was found to be due to a reduction of recruitment costs for hiring and training replacement workers, which becomes necessary in the case of employees who take a longer period off for raising their children. Part-time work, flexitime and telework arrangements were also found to have a positive impact on motivation and absence rates.

The Federal as well as the Länder governments have started a number of initiatives to convince employers of the advantages of offering modern ways of working which increase worker-centred flexibility. For example, the Federal Ministry for Families, the Elderly, Women and Youth has set up a website to allow companies to calculate the return-on-investment for innovations in flexible, more family-friendly work organisation<sup>7</sup>. Another initiative is the Work & Family Audit of the Hertie Foundation which is a “management tool for business enterprises and organisations for the optimisation of a family-oriented employment policy”. It aims at ensuring a strong balance between corporate interests and employees’ concerns. In September 2005, the Federal Minister for Economics and Technology presented the results of last year’s contest and awarded prizes to a number of best-practice examples. In Baden-Württemberg, a best practice competition “Equal chances for women and men in the company” is being staged in 2006<sup>8</sup>. It highlights the importance of offering female employees flexibility in the choice of work locations and work times, and makes explicit reference to telework.

Telework and other New Forms of Work Organisation are also increasingly employed as a tool for the integration of disabled people in working life. In a new pilot project<sup>9</sup>, the Federal Ministry for Health and Social Security is supporting a so-called “virtual integration office”, which started work in all parts of Germany on 1 January, 2006. The project makes use of latest-generation ICTs to first supply severely disabled persons with digital literacy, and then to enable these people to take up a job as knowledge worker – made possible by eWorking from home.

#### *Dealing with an ageing workforce: German companies take action*

As a result of the demographic changes in society and the rapidly ageing workforce in Europe, companies will have to adapt their employment strategies in order to remain competitive. This holds true, in particular, for a country with very low fertility rates – such as Germany. Companies will soon be faced with a number of challenges for which appropriate corporate strategies need to be developed.

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<sup>6</sup> [www.bmfsfj.de/Kategorien/Publikationen/Publikationen,did=11386.html](http://www.bmfsfj.de/Kategorien/Publikationen/Publikationen,did=11386.html)

<sup>7</sup> <http://www.erfolgsfaktor-familie.de>

<sup>8</sup> [www.wm.baden-wuerttemberg.de/sixcms/media.php/1106/Formular-Bewerbungsbogen2006.doc](http://www.wm.baden-wuerttemberg.de/sixcms/media.php/1106/Formular-Bewerbungsbogen2006.doc)

<sup>9</sup> [www.neue-arbeit.de](http://www.neue-arbeit.de)

It is against this background that the initiative “Safe, healthy, competitive – the New Quality of Work” (INQA<sup>10</sup>) was launched in Germany. INQA is a joint project of the Federal Government, the Länder, social insurance institutions and the social partners. All members of the Initiative see the promotion of a new quality of work as an important task and a common challenge in the future. With their Initiative the INQA partners intend to bring together people's interest in positive, healthy and personality enhancing working conditions and the need for competitive jobs. The slogan is "Acting together – all partners within their own responsibilities".

The members of the Initiative are pursuing their goal in a situation of rapid structural change in the economy and the society where far-reaching societal concerns need to be addressed in the world of work. This requires: challenging job contents; co-operation between employers and workers on the basis of partnership; vocational training and lifelong learning; health protection and adjustment of working conditions to human needs; more flexible work organization; and better reconciliation of family and work.

The partners in the Initiative intend to prompt a broad societal debate on the future of work. Its aim is to increase public awareness of the issue and to obtain a consensus about types of work re-organization that are not only deemed necessary but also desirable by those concerned. This debate will support all players in defining priorities for their social and economic activities. It will help to clarify the need for new concepts of work design. Furthermore, the partners intend to develop joint concepts and measures to improve the quality of work, to be carried out by the partners on their own responsibility. In suitable areas of work design, procedures and instruments as well as examples of “good practice” will be collected and/or developed and disseminated. Many examples of industrial practice have shown how modern working conditions can be designed. INQA intends to spread the word about these examples, and to initiate co-operation.

Three German companies – Deutsche Bank, the financial service provider; SAP, the leading provider of corporate software in Germany; and Continentale, a medium-sized company in the insurance industry – belong to the frontrunners in the development and implementation of innovative strategies and working arrangements for older workers, an age-diverse workforce and the promotion of active ageing. As part of “Active@Work”, a project co-financed by the ESF Art. 6 programme<sup>11</sup>, these organisations have developed innovative measures to address the above challenges. Implementation has started recently. Measures which are currently being implemented or close to implementation include the following:

- Create awareness among superiors and staff members for the challenges of demographic change;
- Create awareness among recruiters to prepare them for more targeted and future-oriented recruiting;
- Support staff in taking more responsibility for their own personal development and for lifelong learning;
- Establish “employability” as a key pillar within personnel development;
- Spread practice of age- and experience-diverse teams;
- Set up newsletter on age-related health issues;
- Develop “x% job” and career models;
- Develop skills in management of age-diverse groups (management training);
- Establish working time accounts that stretch over longer periods of time (“lifetime”);
- Stage workshops on Work Life Management for staff aged 45+;
- Offer individual coaching;

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<sup>10</sup> [www.inqa.de](http://www.inqa.de)

<sup>11</sup> See [www.activeatwork.net](http://www.activeatwork.net)

- Develop “Wellness Checkpoints” and health care / sports programmes;
- Improve offers for eldercare.

### *Financial incentives for eWork*

The State government of the Hessen region (which includes the Frankfurt area and has 6 Mio. inhabitants) is the only one which gives financial support for enterprises which implement teleworking. The scheme runs until the end of 2006 and is limited to small and medium sized companies located in one of Hessen’s objective 2 areas, as defined by the European Commission for managing her Structural Funds.

Financial support is offered to the amount of 50% of investment costs, and up to a sum of €2500 per workplace and additionally €2500 for consultancy and planning expenses. Investments eligible for subsidies must be telework-specific and can include technological infrastructure, furniture, training and others.

The scheme is an attempt to foster the diffusion of IT-enabled new ways of working in parts of Hessen which have structural weaknesses. It is based on the recognition that teleworking and tele-cooperation have not yet found their way into the majority of small and medium-sized companies in the region, in spite of the benefits which have been demonstrated in user organisations.

In the meantime, the tax system will become less favourable for home-based eWorking from 2007 onwards. Today, expenses for a dedicated work room (i.e. a study acting as a home-office) can be deducted from taxable income as long as a minimum of 50% of the working time is spent there. From January 2007, such expenses will not be deductible anymore unless the home office acts as the “centre of the total occupational activity”. However, this rule does not apply to computer equipment, the costs for which remain deductible.

### *Other actors*

Public debate around modernisation of work in Germany tends to be overshadowed by structural issues such as changes to the unemployment benefit system and the statutory retirement age. On a smaller scale, however, discussion about new ways of working is lively. Parts of the German unions, in particular, take a very active role in the promotion of new ways of working, with a natural emphasis being put on socially sustainable forms of flexibility. Together with the industry initiative D21 and telephone providers T-Mobile and Debitel, Germany’s service union Verdi has set up “OnFormA – Online Forum mobile Arbeit” in January 2006. The project aims to kick-start a broad public debate on the issue of modern, mobile ways of working. The objective is the implementation of a competence platform which will connect experts in the area with people who seek know-how and advice in questions related to mobile work – across all industries and regions<sup>12</sup>.

While mobile work has long been neglected by social research and the public debate, there is evidence that the topic is of key relevance for an increasing share of Germans, and that work mobility is not without challenges. A recent study<sup>13</sup> commissioned by the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth explored whether mobile working and work-related mobility are compatible with family needs. The study found that 69% of “mobile workers” feel stressed by their working and living style, compared to only one in five among non-mobile workers. Only in 41% of all cases did mobile workers say that their mobile working and living style is voluntary.

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<sup>12</sup> See [www.initiatived21.de/](http://www.initiatived21.de/)

<sup>13</sup> Schneider, N.F., Limmer, R. and Ruckdeschel, K. (2002) “Berufsmobilität und Lebensform – Sind berufliche Mobilitätserfordernisse in Zeiten der Globalisierung noch mit Familie vereinbar?“, <http://www.bmfsfj.de/Kategorien/Publikationen/Publikationen,did=5672.html>