

European Telework Status Report 1998: Germany

This is an extract from the country summaries section of the European Commission's 1998 Status Report. The complete report is online at <http://www.eto.org.uk/twork/tw98> in a variety of formats, including Word, HTML pages and Acrobat .pdf files. Links to further information about telework in Germany are in the Germany national page at European Telework Online - <http://www.eto.org.uk> .

Summary

1997 saw important developments in Germany, including a Federal initiative promoting telework for small firms; a new International conference on *Telecollaboration*, which has become part of the European Telework Agenda; a Government-sponsored study of telework attitudes and take up; the launch of a wide circulation specialist journal and progress towards the establishment of a broadly based telework association. There are also several online activities and initiatives.

However, attitudes towards telework in Germany are rather mixed. A prolonged period of high unemployment has led to debate about the relative merits of more flexible labour markets or strengthened labour protection and security arrangements. This has coloured attitudes to telework. There are also uncertainties about the legislative and regulator environment, which create a substantial barrier to progress in the German context. The many useful and interesting telework initiatives in Germany are not sufficiently visible across the rest of Europe; hopefully one effect of a national association will be to make news of German activities more accessible to the wider world.

Telework background and take-up of ICTs

General background:

- Germany is Europe's largest economy, one of the world's wealthiest large economies and the world's second largest trading economy:

| | % of World Exports | | |
|---------|--------------------|-----------------|-------|
| | Visible trade | Invisible trade | Total |
| USA | 11.95 | 16.59 | 13.47 |
| Germany | 10.83 | 7.77 | 9.82 |
| Japan | 8.88 | 10.93 | 9.55 |
| France | 5.59 | 9.66 | 6.92 |
| UK | 4.97 | 9.25 | 6.37 |
| Italy | 4.79 | 4.19 | 4.59 |

The table also shows that among the world's top six trading economies, Germany retains much the highest focus on industry (visible trade) as opposed to services. This is reflected in employment ratios:

| | % Share of Total Employment | | |
|---------|-----------------------------|----------|-------------|
| | Services | Industry | Agriculture |
| Germany | 61 | 36 | 3 |
| France | 69 | 27 | 5 |
| UK | 72 | 26 | 2 |
| Italy | 60 | 32 | 8 |
| USA | 73 | 24 | 3 |

affects preparedness for an Information Society). It is noteworthy that the strong and dynamic US economy has a higher proportion of services employment and a lower level of industry employment than any European country.

- Similar factors affect Germany's investment in IT and therefore its relative preparedness for telework. For example, given its lower GDP the UK has a higher relative investment in IT and especially in PCs: Germany has the highest proportion of people engaged in industrial employment of any European country. This reflects both a success (in sustaining a substantial industrial base) but also a challenge (to the extent that the switch to services reflects a general trend among the developed economies and

| | GDP per capita (\$US) | IT per capita (ECU) | PCs/1000 white collars |
|---------|-----------------------|---------------------|------------------------|
| Germany | 27604 | 486 | 44 |
| UK | 18849 | 490 | 55 |

- Unemployment is the main preoccupation of the German labour market. An export-led recovery in 1997 was not matched by rapid domestic employment growth. There is controversy about whether Germany's historically high investment in social protection and the strong infrastructure of trade unions and works councils is an essential bulwark against unemployment and its consequences or a factor contributing to unemployment through labour market inflexibility and inhibition of new work practices.

Driving factors:

- The size and wealth of the German economy makes it an attractive target for telecommunications suppliers. Liberalisation can therefore be expected to lead to extensive competition, driving down prices and introducing new services into an already sophisticated infrastructure.
- The Federal Government has an active Information Society programme, which is accelerating Internet awareness and use and can be expected to stimulate take up of PCs by consumers.
- Germany is among the leading countries in legal and regulatory aspects of the Information Society, particularly as regards aspects affecting electronic commerce, such as acceptance of digital signatures.
- Telework offers potential solutions to high unemployment and low levels of economic activity in the Länder of the former East Germany. It could also enable participation in the world-wide growth of ICT and services activities, providing a balance against continued dependence on new investment in manufacturing.

Constraints:

- Concerns about unemployment and/or the potential erosion of employment rights and protections underlie discussion and thinking about telework in Germany.
- There are particular concerns that the introduction of telework could be the first step towards self-employment; as in many EU countries the social protection facilities for self-employment are not comparable with those for employed or unemployed workers.
- All German employment practices are strongly linked with contractual, legal and regulatory provision. Widespread adoption of telework requires clear and positive contractual and regulatory provisions, absence of which is a major barrier to progress. At present there are uncertainties and anomalies.
- The size and underlying strength of the German economy means there has historically been little pressure on German employers or workers and their representatives to look outwards and take note of the changes happening elsewhere. This is changing.

Telework activities and results

- Notwithstanding the above constraints, 1997 showed signs of a considerable heightening of telework interest and activity in Germany:
- A specialist Magazine, *Teleworx* achieved a large circulation and gained the European Telework Award for media coverage.

- A new International conference on Telecollaboration was staged in Berlin, with a very high focus on telework. As well as attracting an international audience and speakers it provided a platform for many telework initiatives across Germany that had not previously been known to the outside world.
- There are now several positive examples of telework agreements within individual companies.
- Several federal and regional (Bundesländer) telework initiatives have produced considerable results, especially in bringing together politicians, companies, telecom operators, IT suppliers and other telework market actors. The Federal government's *Forum Info2000*, launched in 1997, includes a telework element (<http://www.forum-info2000.de>). Regional initiatives include Tele@arbeit Baden-Wuerttemberg (<http://www.initiative-telearbeit.de>); *Landesinitiative 'media NRW'* in Northrhine-Westphalia which includes a *Task Force Telearbeit* (<http://www.media.nrw.de>); *Bayern Online* (<http://www.bayern.de/Zukunft/BayernOnline/>); *Telework in Rhineland-Palatine* (<http://www.telearbeit.rpl.de>) and *Telework in Schleswig-Holstein* (<http://www.ttz-sh.de/ta/>).
- A Federal initiative - *Telearbeit fuer den Mittelstand* (Telework for SMEs) - <http://www.iid.de/telearbeit/mittelstand/> - has been launched to promote telework for small firms. Over 650 people participated in a conference and workshop held in Bonn, targeting small and medium sized enterprises. 410 companies (out of 1300 applicants) are embarking on schemes. Their experiences will be tracked and reported to provide credible data.
- Progress was made towards establishing a National Telework Association and one is expected to be formed in 1998.
- The Federal Ministry of Work and Social Affairs commissioned a study of telework attitudes and take-up.
- Some leading non-IT companies are reporting positive experience with telework schemes. Notable among these is BMW, whose experience was reported at the European Commission's ESIS (European Survey of Information Society) conference in Brussels in March 1998. Among several insurance sector pioneers of telework programmes, the most prominent example - covering about 400 teleworkers by the end of 1997 - is the insurance company LVM.
- Trade unions have become active in the debate on telework: the public services union has established a specialised website, *Telewisa* (<http://www.telewisa.de>).
- There is an online forum (*Online Forum Telearbeit* - <http://www.onforte.de>) supported by the Federal Ministry for Education, Science and Technology and Deutsche Telekom AG; the Ministry has also published a Telework Guideline (Elektronischer Leitfaden zur Telearbeit - <http://www.iid.de/telearbeit/leitfaden>).

The entire staff of the *Telework* magazine is self-employed, and all writers participating are teleworkers and freelance writers. Usually ten to twelve people are involved in editing the magazine, two of them from the Munich area, and others from Carmel California and New York City. Even the layout staff and the proof-reading editors are teleworkers.

The editorial office is organised as a virtual structure. The editor-in-chief is the only person in the editorial office, from which all activities related to *Telework* are coordinated. About 50% of the production process of the magazine is conducted by telephone, e-mail, data transfer via modem and partly by videoconferencing. Ninety per cent of the communication infrastructure and traffic is via ISDN.

Conclusions

Germany's significance as the largest European economy means that its response to applications such as telework will have a wide influence on Europe's overall response. Clear signs emerged during 1996-1997 that the Federal Government is becoming pro-active in investigating telework and the related legal and regulatory matters and there is also evidence of increasing interest among companies, unions and citizens, as well as by the Länder administrations. The successful formation of a national telework association in 1998 could play an important role in further stimulating public interest and ensuring informed debate.

Germany presents one of Europe's clearest examples of the dilemma between protection of established worker rights and labour market practices on the one hand and the need for more flexible organisational

and working practices on the other. Telework is only one aspect of this issue but the debate on telework puts the issue into clear focus and how it is resolved in Germany will be important for Europe as a whole.