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Presentation n°3

« What skills do senior managers need in order to steer the course of operations? »

Personal presentation

I was borne 51 years ago in a little farm in a village situated in the North of Hesse where I spent my childhood. I have 3 children aged 17, 15 and 9.

Outside from my professional activities I like to spend my leisure time with my children, skiing, walking, horse riding. I have also been singing in a choral for 25 years and I am an active member of . Amnesty International.

After my A-level, I have gone through a training as « inspector” in the administration) (civil servant) in a supra-regional organisation of social aid. Then I made my Law studies in Marburg, Lausanne and Göttingen and I had my Ph.D. in Law.

I have been working for 20 years in the agricultural social security and I passed my first 14 years within the High School of Public Administration, been a specialist in agricultural social security. Then I had different positions at the central office of the Kassel agricultural social security organisation. Nowadays I am responsible of the contractual sector, of the autonomous organisation, of public relations.

The topic dealing with management and motivation has been of great interest to me for a very long time. This is the reason why I teach psychology, sociology as well as pedagogy at the High School of administration.

I would like to structure my presentation into three acknowledgements and three questions:

1. Despite a decrease in its number of insured members, German social security refuses - up to now - the joining process to the general fund of social security
2. In 2012, the federal government plans to create a federal organisation of agricultural social security
3. The new organisation plans a central organisation as well as several regional offices
4. What will be the impact of this evolution on senior managers of agricultural social security organisations which are currently independent?
5. What will be the consequences of these changes for senior executives of the current central organisation and of the future central fund?
6. What will be the necessary requirements as far as recruiting of senior executives is concerned?

1 - Despite a decrease in its number of insured members, German social security refuses - up to now - the joining process to the general fund of social security

For years, German agricultural social security (LSV) has been suffering a decrease from 2 to 3% of its number of insured members. This year, health insurance a significant fall and there are now less than 800 000 insured members. In comparison to France, this represents 25%.

Within the general social security fund, there is a constant reduction in the number of funds of social protection. The number of health insurance funds has fallen from 1223 in 1992 to 154 today. On the contrary, the agricultural social security is structured into a number a small entities. Added to the central office of agricultural social security, there are 9 organisations of agricultural social protection, which are composed of 4 corporations of public law which are independent.

The following figures show clearly that the proportions between the general and the agricultural social security are striking:

- While the most important German health insurance fund has 8,5 million insured members, the biggest agricultural fund only has 150 000 insured members,
- As far as the accident insurance in the liberal economy is concerned, there are 47 million insured persons registered there, while there are only 3,5 million in the agricultural sector. Both sectors have 9 organisations of social security,
- The general pension fund has got one employee for 930 insured while the agricultural one counts one employee for 206 insured.

As a consequence, administration costs are still too high when compared to other social protection organisations.

2 – In 2012, the federal government plans to create a federal organisation of agricultural social security.

56% of the total expenses of agricultural social security, i.e. 3,8 billion € are covered/taken in charge by the German government. Nevertheless, the major part of agricultural social security organisation being under regional control, the federal government does not have enough influence on the use of financial resources. Up to now, Länder have prevented a structural reform.

On the German farmers association' initiative (kind of farmers' union), the federal government plans to set up a federal organisation in 2012. Therefore, the 37 current independent entities (as mentioned before, the central office, 9 regional organisations, each comprising 4 corporations covering old age, health, accidents and dependency) would merge in a single organisation. The main objective of this reorganisation aims at reducing administrative costs thanks to the reduction of personnel.

Some Länders having given up any form of resistance, German agricultural social security is currently at the eve of a major structural change. What is the reason of

this reversal of opinion? The government made an attractive offer to farmers: “if you defend the setting up of a federal organisation, you will receive in exchange more grants/subsidies for the agricultural accident insurance”. During a speech which took place in Coblenz on 30 June in front of the German farmer’ Congress, Ms. Merkel did not hide that the amount of State subsidies for the agricultural accident insurance would depend on the creation of a federal organisation. The bait/reward amounts to 175 million €, which would be distributed in a three years’ period.

3 – The new organisation plans a central organisation as well as several regional offices.

Through this restructuring, government wants to make sure that it will have a larger influence. Furthermore, it wants to modernize the structural organisation and organise the execution of tasks in a more efficient way.

In order to obtain synergy effects, government thinks it is necessary to divide tasks in a functional way instead of a regional one, as it is the case currently.

It is clear that tasks must be taken into charge both at the national level (central administration) and at the regional level (regional offices).

According to the competent ministries, the different tasks must be carried out half in a centralized and half in a decentralize way. The basic and the common functions, the central services and the control of all the administrative services must be taken into charge by the central organisation.

For example, it concerns the following sectors of activities:

- General administration
- The management of the Personnel
- Financial and accounting services
- Data processing services
- Questions linked to the autonomous administration
- Background/basic questions linked to the regular execution of tasks in the area of insurance, membership, benefits, prevention as well as control functions in these respective fields.

It is the same case for tasks which execution is more efficient if it takes place in a single place because of requested technical skills and/or because of the reduced number of cases. These tasks can also be delegated to the regional offices.

Here are some examples:

- Contractual issues with partners and breakdown control
- Debt recovery and execution by legal channels
- Fight against any professional mistakes in the health field
- Payment of compensation allowances
- Provision of benefits linked to medical rehabilitation, professional integration as well as benefits concerning help to the farm and home care
- Procedure of appeal.

Supervision of insured people must take place in a decentralized way.

The objective is to keep the settling place of the organisation and to maintain the greatest number possible of employments (« we bring work to the employees » and not « employees to work »)

4 – What will be the impact of this evolution on senior managers of agricultural social security organisations which are currently independent?

The new tasks' division, particularly in the future regional offices lead to restructuring the organisation. This will be illustrated by the suppression of executives' positions in the regional offices and by a transfer of these positions toward the central office.

Clearly there will be less senior executives in the regions. The 21 managers and deputy managers will disappear and the Kassel central administration will need instead a greatest number of senior executives.

This is a problem as far as insertion of existing executive personnel is concerned. What will happen with the senior executives who are not needed anymore by central administration and who are not yet old enough to get retired?

Among others, it will be necessary to take into account the following aspects and to answer the questions hereunder:

- How can we guarantee that senior executives will be employed according to their qualifications, despite the suppression of their executive position?
- If the case arises, is it possible and acceptable to transfer the place of work of former senior executives? Which reorientation measures are necessary?
- How can we guarantee that senior executives will have access to management positions in the central administration?
- Will there be pre-retirement regulations and, if the case arises, in which proportion will concerned people resort to them?

If it is not possible to answer in a satisfactory way to these questions, a motivation problem might arise.

5 – What will be the consequences of these changes for senior executives of the current central organisation and of the future central fund?

New aspects must be taken into account, such as:

- A greater distance which splits executives (in Kassel) from employees (e.g. in Kiel, Stuttgart and Landshut)
- A clear increase in the number of employees
- A change on the qualitative point of view : decision power instead of activities which are only representative.

Up to now, the major part of the executive positions within the central organisation does not include a direct contact with the insured, a fact which will have to be taken into account seriously.

6 – What will be the necessary requirements as far as recruiting of senior executives is concerned?

The relation between the central organisation and the regional organisations of social protection is currently determined by a mix of horizontal and vertical work repartition. The future relation between the central and the regional office(s) will be instead a relation of domination and subordination. This will be also the case for the majority of senior executives who will have to submit themselves hierarchically, in the future.

No personnel recruiting plan exists yet for the future federal organisation. This is not the case for the central office of agricultural social security which takes into account the fact that the rising complexity of tasks to be carried out by the central organisation requires recruiting qualified key-personnel who, not only will be in a position to understand the development of tasks and procedures linked to their position but who will be also able to answer properly to problems that might arise.

The professional experience as well as the qualified training play a decisive role. Within the German agricultural social security, both elements rely on internal specific training (study cycle at the Kassel High School of Administration – specialization in agricultural social security) as well as on external training (University degree e.g. : Law studies, Engineering of Data processing studies)

Internal recruiting prevails. within the sphere of agricultural social security. This means that priority is given to internal promotion for when there are vacant posts. In case it would not be possible, agricultural social security resorts to public call for tenders.

In my opinion, beyond personnel recruiting measures and conditions, it is necessary to define a new management culture. This latter must respect the specificities of the agricultural social security organisation. It must take into account the context in which the organisation has been created, the regional structure as well as the specific mission it has to fulfil.

It is necessary to develop a common objective, an enterprising mind. To achieve this it is necessary to show current senior executives the existence of a concrete perspective. It is also important to train the future executives. To do so, the training of the Kassel personnel to get high positions which are not technical represents quite an advantage at the national level. It ensures a background of knowledge and contribute to a better understanding of regional specificities.

As far as qualification of senior executives is concerned, German agricultural social security would like to know more about the way the French and European systems work.