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Characteristics of social welfare programs for the agricultural sector offered by the ENASP network: Focus on management executives within the six network member organizations

SUMMARY

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STUDY FRAMEWORK:

Given the special interest paid by the MSA agricultural insurer to treat its institution's problem of renewing executive management teams, against the backdrop of merging agencies and reshaping the network leadership team, this topic was selected for the 2011 executive management university curriculum.

In an effort to widen and deepen the scope of this review, ENASP network members were invited to participate. Thanks to this European setting coupled with a work program derived through collaborative initiative, a "benchmarking" strategy could be adopted. On the basis of a questionnaire and numerous exchanges between experts representing the various players, a study was conducted focusing on executive manager profiles within the network's six member organizations.

The objective targeted via this study is to identify trends, key events and best practices, in spite of the broad differences existing among the six organizations as regards their status, size, covered population segments, services, financing protocols and degree of government oversight.

In order to streamline the presentation, ENASP's six member organizations participating in this effort will be identified by their country of origin, i.e. where LSV represents Germany (DE), OGA Greece (EL), MSA France (FR), SVB Austria (AT), KRUS Poland (PL) and MELA Finland (FI). The order of countries reviewed is based on the spelling used for the national abbreviation in the native tongue, as adopted by the European Union.

Study findings will be divided into two parts. The first examines the characteristics of all six social welfare systems along with general information regarding the missions assigned to each system, populations served and risks covered. A second part will sketch a profile of organization personnel, in emphasizing specificities associated with the relevant administrative governance.

PART I: CHARACTERISTICS OF THE SIX AGRICULTURAL SOCIAL WELFARE SYSTEMS

In providing an overview, it is helpful to recall that the total population of all six participating countries amounts to 209 million, of whom 47% (i.e. 98 million) make up the economically active population. These six organizations cover, on their own, over 13.5 million beneficiaries.

The share of agriculture¹ in these six nations' employment represents, on average, 5.5% of the entire workforce, with this figure obviously taken as theoretical given the sizable deviations between the group of Germany (1.8% of the workforce), France (3.2%), Austria (4.3%) and Finland (4.4%) on the one hand and Greece with 9.2% and Poland at 10.1% on the other.

Insured workers are primarily employed in sectors like crop farming, winemaking, horticulture, arboriculture, breeding (reindeer for the Finns), fishing, fish farming and within companies whose activity consists of extending an actual agricultural activity. Let's note that for Finland, the system also covers individuals working in the research field and artists awarded subsidies or scholarships.

Let's also remark the extreme level of diversity in agriculture across these 6 Member States, which have opted for an autonomous social welfare system in this sector. Due to the specificities of each nation's domestic agriculture, we must observe that each system studied, while pursuing a common objective, still proposes services adapted to national conditions.

1. STATUS

A MAJORITY OF STATE-RUN PUBLIC-SECTOR ORGANIZATIONS

Besides Finland and France, which acknowledge a private organizational status, Germany, Austria, Greece and Poland all feature **State-run, public-sector organizations**. Despite their "private" status, the Finnish and French organizations still operate within a public scope, as the Finnish entity was created by the promulgation of a law and placed under the supervision of several Ministries while the French entity has been assigned a public service mission.

With the exception of Germany, for administrative reasons related to the country's federalist make-up (i.e. the Lander), the five other systems are all **overseen or supervised by their respective national governments**. In terms of financing however, Germany enters into relations with the State, as is also the case for Finland and France.

Inter-system relations exist throughout and these have been strengthened by organizing benchmark-based exchanges in Germany, Finland and France.

¹ Source: EUROSTAT, 2010 data

2. POPULATION SEGMENTS COVERED

FOUR OF THE SIX ORGANIZATIONS ACT EXCLUSIVELY ON BEHALF OF RURAL POPULATIONS

Non-agricultural population segments are only covered by the Finnish and Greek systems.

In Finland, the population categories covered have been extended over the past few years to include artists and researchers awarded scholarships. In Greece, all types of employees living in towns with less than 5,000 population, which is considered a rural regime, are enrolled in the OGA protection system. Also eligible for affiliation on a voluntary basis are free-lancers and builders/craftspeople set up in villages with fewer than 2,000 residents as well as religious workers associated with the agricultural sector.

Non-employees and their families are covered by all six systems.

Only the French and Greek systems cover **agricultural employees and their families**.

Regarding the social status of agricultural employees, the analysis differs from one country to the next. For France, the activity exercised determines which social status to be ascribed. To a similar extent, tertiary activities get lumped as an agricultural activity since they provide services to the farm community. Greece's position is closely aligned with that of France. For the other countries however, the employee's status takes precedence over the activity performed, and agricultural employees are assimilated into the general national insurance system. Germany allows for an exception, whereby agricultural employees are associated with an agricultural system in the areas of workers compensation and professional illness.

Employers are covered only in the German and French systems.

Retirees are covered by all six ENASP member systems. The same applies for their families, with the exception of Germany and Finland.

Throughout the EU, rural demographics are undergoing serious declines and have raised the issue, for those Member States with a dedicated agricultural welfare system, of striking a balance between system beneficiaries and contributors. The number of beneficiaries, especially retirees, is rising significantly as a result of massive losses of agricultural jobs due to the more recent concentration of farms and European policies favoring early retirement. The socioeconomic category will soon enter a gradually decreasing phase as this population segment ages and dies. Such a demographic phenomenon, which is already observed today in France and Germany, will also be encountered in the other Member States, notably Poland.

3. RISKS COVERED

HEALTH, WORKERS COMP / JOB-RELATED ILLNESS AND RETIREMENT LIE WITHIN THE JURISDICTION OF ALL SIX ORGANIZATIONS

These three major branches of social security coverage constitute the core services of all six ENASP member organizations.

As regards workers compensation and professional illnesses, one specificity needs to be pointed out in Finland, where farmers have the option of being retired while continuing to work on the farm during a transitional period to help their successors. In most cases, they subscribe to a personal insurance that covers workers comp and professional illness. This phenomenon is in no way negligible since it applies to over 10,000 retired Finnish farmers.

As for the other areas covered, invalidity is not picked up by the German system, which also shares the distinction with Austria of not managing family policy-related remuneration. Only the French, Greek and Polish systems are responsible for directly implementing a social action policy. Complementary insurance protection is managed in France, Finland and Greece. The German system stands out for absorbing health costs associated with long-term illnesses, and Finland is noteworthy for the existence of a farmer replacement program, which is also offered in France though to a lesser extent.

In France, the replacement allocation constitutes a legal remedy solely in the case of maternity leave. Private policies underwritten by farm managers might offer a replacement allocation. A study is underway at the Central Council level to analyze the cost and feasibility of introducing a daily compensation or replacement service better adapted to farmers' needs.

Moreover, except for Poland (whose contribution collections are overseen by the Social Security Institution - ZUS), the 5 other countries collect non-employee contributions on their own.

4. OPERATIONS

AN ADMINISTRATIVE ORGANIZATION THAT PROMOTES PROXIMITY WITH MEMBERS

With 540 offices covering France, 256 in Poland and 160 in Finland, agricultural social welfare organizations offer their nationals help desks where they can request information and process their reimbursement claims or accounts locally.

This type of proximity is also illustrated in the 3 other countries by the large numbers of front office staff: 77% in Greece, 70% in Germany, and 51% in Austria.

The agricultural social welfare organizations operating in these 6 countries are cognizant of the dispersion of members throughout the national territory and have developed similar proximity promotion policies allowing members to benefit from the services of an agency or branch office located a reasonable distance from their homes.

5. AGRICULTURAL SOCIAL WELFARE AND THE MANAGEMENT MONOPOLY

FRANCE'S MSA IS THE ONLY ORGANIZATION COMPETING WITH OTHER PROVIDERS TO COVER NON-AGRICULTURAL EMPLOYEES

While the other organizations enjoy a monopoly position as regards the farm populations they serve, MSA, as a result of its history and the context surrounding the adoption of certain reforms, competes with other private-sector organizations in the areas of health insurance, workers compensation and professional illnesses as well as complementary retirement schemes. It should be pointed out however that the non-MSA market share is indeed very small in health and moreover MSA holds a strong market share in farmers' workers compensation.

RISK	MSA	APRIA RSA GAA (private insurers)
Health insurance	92%	8%
Workers compensation	45%	55%
<i>* upon creation in 2002</i>	<i>25%</i>	<i>75%</i>

** a natural migration movement justified by the comprehensiveness of the service proposed by MSA, especially with Workplace Health and Safety*

CONCLUSION

In concluding this first part, it is worthwhile to list the limitations and strengths of the agricultural social welfare program, as perceived by the six ENASP network organizations.

On the side of **weaknesses**, let's mention:

- restrictions in the freedom to choose health insurance in **Germany**;
- limited budget allocations for retirees, combined with a lack of personnel in **Greece**;
- a demographic evolution in France that raises concerns over the ratio of active contributors to beneficiaries;
- a system built with just one source and restrictive affiliation conditions in **Poland**.

As for system **strengths**, the following can be highlighted:

- public-sector financing in both **Germany** and **Poland**;
- the independence and autonomy of the agricultural system relative to the general social security regime as well as more flexible procedures in **Greece**;
- a single payment office, the involvement of elected officials and a regional infrastructure in **France**;
- less expensive contribution amounts compared with the general regime in **Poland**;
- centralized management for enhancing financial efficiency and availability of agricultural expertise in **Finland**.

PART 2: HUMAN CAPITAL WITHIN THE SIX ORGANIZATIONS

For the six organizations combined, KRUS, LSV, MELA, MSA, OGA and SVB employ nearly 31,400 people. The three largest employers are in: France (with a staff size of 17,900), Poland (6,050), and Germany (5,070).

1. DISTRIBUTION OF PERSONNEL WITHIN THE ENTITIES

GREECE DISPLAYS THE GREATEST CONCENTRATION AT THE CENTRAL LEVEL.

When comparing the number of employees working at the central level vs. total network personnel, the following ratios reflect strong differences depending on the number and size of agencies:

- 61.2% in Greece (just 8 agencies)
- 39.1% in Austria (8 agencies)
- 15.9% in Germany
- 7.1% in Finland
- 4.8% in France
- 3.6% in Poland

POLAND HAS THE HIGHEST PROPORTION OF EXECUTIVE MANAGERS AMONG ITS PERSONNEL.

Among the country's 31,400 workforce, a total of 1,140 are executives, i.e. 3.6% of all personnel.

This percentage varies within a rather wide range from one organization to the next:

- 12.3% for Poland
- 5.1% for Finland
- 3.5% for Greece
- 1.6% for France
- 1.3% for Germany
- 0.2% for Austria

2. THE FUNCTION OF MANAGING DIRECTOR (MD)

THE MD FUNCTION IS OVERSEEN IN ALL COUNTRIES.

With respect to the MD **appointment**, three scenarios can be distinguished:

- either the MD is appointed by the "public authorities" on their own, like in **Poland**;
- or the appointment is handled jointly by "the public authorities and the organization's Board of Directors", like in **Greece and Austria**;
- or, lastly, the appointment is the sole responsibility of the organization's Board of Directors, like in **Germany, Finland and France**.

LENGTH OF TERM:

The MD's term in office is limited in **Germany** (six years with the possibility of renewal), and this will soon extend to **Austria**, where it will be fixed at five years with renewal, whereas the four other countries do not impose any term limits.

SUPERVISION OF MD:

In all countries, a High Authority oversees compliance of the MD selection process with the various certification requirements. Moreover, each of the six organizations has defined the functions of the MD position along with the corresponding responsibilities.

3. EXECUTIVE MANAGERS

AGE CATEGORIES: FOR ALL EXECUTIVE MANAGERS AT THE NATIONAL LEVEL, THE 55+ AGE CATEGORY IS NOWADAYS THE MOST PREVALENT

From a general perspective (while acknowledging the lack of availability of a Polish breakdown by age cohort) and for all executive managers taken as a whole, the age pyramid is structured as follows:

- less than 45 years old: 13%
- between 45 and 55: 38%
- between 55 and 65: 49%

A country-by-country breakdown:

	less than 45	between 45 and 55	between 55 and 65
DE	4.17%	44.44%	51.39%
EL	4.17%	66.67%	29.17%
FR	16.33%	31.97%	51.7%
AT	0%	100%	0%
FI	10%	90%	0%

Trends:

For all executive managers 55+, it should be pointed out that one-third are over 60 years old, which represents a large proportion and consequently becomes a major consideration when anticipating upcoming retirements.

GENDER BREAKDOWN: THOUGH THE PERSONNE AS A WHOLE HAS A HIGHER PERCENTAGE OF WOMEN, THIS PROPORTIONATE SPLIT IS LESS PRONOUNCED AMONG EXECUTIVES.

For all personnel categories, women occupy 72% of the workforce. This overwhelming majority is found across all countries, with the exception of Germany:

- 86% in Poland
- 75% in France
- 73% in Greece
- 68% in Finland
- 58% in Austria
- 47% in Germany.

When examining the subpopulation of executive managers, women still outnumber men, yet with just 55% of the employment count. In analyzing the countries individually, it is observed that only two countries, Greece and Poland, actually employ more women than men in executive functions. Perfect parity is achieved in Finland, while in France, Germany and Austria, women executives are in the minority:

- 79% in Greece (+ 6% compared to total workforce)
- 68% in Poland (-18)

- 50% in Finland (-18)

- 30% in France (-45)
- 14% in Germany (-33)
- 0% in Austria (-58)

LEGISLATIVE AND CONTRACTUAL ENVIRONMENT: LARGE DISPARITIES EXIST IN THE EXECUTIVE WORKPLACE ACROSS THE VARIOUS COUNTRIES.

Weekly work schedules vary from one country to the next. In France, the work week extends to 35 hours, while in Austria and Finland 37½ hours are required, Germany lies between 38½ and 42 hours, and both Greece and Poland operate with a 40-hour week.

In Germany and Austria, no distinct **collective bargaining conventions** are in place that **treat executive managers separately from the rest of the personnel**, though such differentiation is in effect within the 4 other countries.

As regards **remuneration**, 4 of the 6 organizations practice a policy of not tying organizational performance to executive pay. This link only exists in France and Finland.

The legal retirement age is not uniform across countries. It remains lowest in France, presently set at 60 years and 4 months, though this age will be raised to 62 in 2018.

In Greece, the retirement age stands at 60 for women and 65 for men, though women born after 1992 will be required to work until the age of 65.

In Austria, women can also retire at 60 and men at 65. The women's retirement age will be increased between 2024 and 2033 in order to match that of men.

In Poland, the retirement age is set at 60 for women and 65 for men.

In Finland, two types of retirement pensions are offered: a national pension at 65 years of age, based on a 40-year period of residence in the country; and a complementary pension between the ages of 63 and 68, tied to eligible earnings.

In Germany, the retirement age will be gradually raised from 65 to 67 years between 2012 and 2029, with this change applicable for working individuals born after 1947.

THE MEASURES ADOPTED TO COPE WITH REPLACING EXECUTIVE MANAGERS DIFFER FROM ONE COUNTRY TO THE NEXT.

Situations vary across countries relative to **planning for executive position replacements:**

In Poland, the renewal of vacant posts has not been anticipated.

In Austria, renewal strategies are set on a case-by-case basis, without any predefined rule.

In Greece, the President makes all such decisions on the basis of available positions and organizational needs.

In Germany, the organization publishes position openings and determines the corresponding selection process.

Finland anticipates job renewals by negotiating retirement dates with prospective retirees.

France uses a nationwide study to proceed with an analysis and develops quantitative scenarios of potential retirements and position vacancies.

Executive managers must undergo an **annual evaluation interview** in Poland, Finland, France and Greece. Such is not the case in either Germany or Austria. It would appear that only in France is the MD actually interviewed by the elected President every year.

Regarding the training of executive managers in social welfare organizations, Germany, Austria, Greece and Poland do not offer any special training programs. On the other hand, the Finns require all executive managers to hold a university degree along with an MBA. France is unique by virtue of its school dedicated to training future Social Security Administration executives, i.e. *Ecole Nationale Supérieure de la Sécurité Sociale* (EN3S).

Moreover, France and Poland are the only countries to offer a **continuing training system designed for executive managers.**

CONCLUSION

In deriving a conclusion to our study, these six agricultural social welfare organizations were asked to list the primary challenges facing their respective entities over the upcoming years from a sample of ten proposals.

According to survey results, the four leading **challenges facing this field in the near future** are:

- mergers
- performance management
- information and communication technologies (ICT), and transition to a paperless business environment
- innovation and development of new services.

Finland and France have identified a set of **priority skills to meet these challenges**, which revolve around managerial, political and entrepreneurial attributes, while not overlooking skills specific to this line of work.

These challenges will be met in a context of changing organizational activities and in coordinating new services. This effort will require **changes in the job descriptions of executive managers**.

The following testimonials illustrate the five common threads heard during the survey:

- *The executive manager exercises responsibilities particularly broad in scope when preparing and then implementing political orientations and decisions within the administrative setting.*
- *The executive manager guides the creation and adoption of regulations in the entity under his/her responsibility.*
- *The executive manager establishes the programs to be introduced along with the budget resources required to undertake the action plan decided by the national government.*
- *The executive manager represents the national government and ensures full application of the law within his/her field.*
- *The executive manager may exercise oversight of public or quasi-public establishments, in defining their objectives and overseeing their economic, financial, technical and human management.*

* * *