

CORPORATE INTEGRATION MANAGEMENT / DISABILITY MANAGEMENT – STRAIN OR CHANCE FOR SME IN GERMANY

*REICH Matthias (DE) - FONGER Jürgen (DE)
Szent István University, Gödöllő, Hungary*

ABSTRACT

In Germany the economic costs caused by sick employees are immense. They compose of costs of production losses, early retirement and cost for therapies. These effects will be enhanced by the demographic change. About their often non-professional Human Resource Management in future especially SME companies will have problems to find, acquire and attach skilled workers. This paper shows that the in 2004 compulsory established Corporate Integration Management for SME is not only a statutory provision and strain, but also a chance.

KEY WORDS: corporate integration management / disability management, demographic change, SME, human resource management

INTRODUCTION

In Germany the economic costs caused by sick employees are immense. In this context not only the direct costs for therapies are to be considered but also the costs of production losses and early retirement caused by diminished earning ability. These facts become more important by the forecasted demographic change, which will strongly influence the German labour market. The already looming shortage of skilled workers will be exacerbated by the demographic change even further. In a special degree this will concern the SME companies because of their structure and the limitation of their resources, they can't compete with the human resource management arrangements of the large companies. For them it is becoming increasingly important to differentiate themselves from the large companies with "soft" factors in order to be interesting for employees in future. In addition, influenced by the demographic change, a personnel acquisition strategy which is only focused on the young workforce will not be able to cover the human resource requirement of the SME in future. A further possibility for personnel recruitment and retention is the introduction of a Corporate Integration Management (Disability Management). Not only that the staff is longer available for the company because of the lower absenteeism, but rather with the Corporate Integration Management the costs of production losses caused by inability to work could be reduced. Furthermore the general working atmosphere might improve since the employees feel more esteemed.

MATERIAL AND METHODS

The used materials are basically the existing literature and research results, which analyse the implementation, performance and dissemination of the Corporate Integration Management in German companies. The used method is the evaluation of the existing research results in order to describe the performance of the CIM-Proceeding and to analyse advances arising thereby.

PRODUCTION LOSSES CAUSED BY INABILITY TO WORK AND COSTS FOR THERAPIES

In the year 2010 in the Federal Republic of Germany nearly 408.9 million workdays got lost, this corresponds roughly to 1.1 million working years. According to an estimate of the Federal Institute of Occupational Safety and Health (BAuA 2012), the cost of production losses caused by the lost work days account to about 39 €billion . Based on these data the loss of the

gross value added can be projected. The loss of the gross value added takes into account that every employee creates values with his work. In 2010 this loss accounts for about 68 billion which is 2.8 % of the German gross national product. These costs can be labelled as “indirect costs” of the disability.

“Direct costs” on the other hand are the costs of the therapies by itself. In 2010 the health expenditures amounted to 287.3 € billion (Federal Statistical Service Germany, 2012). This is a proportion of 11.6 % of the gross domestic product. Compared to the preceding year the expenditures increased by 3.2 %. The average annual growth of the health expenditures amounted to nearly 3.0 % between 2000 and 2009. In a study of the company health insurance funds (BKK) in 2008 the direct costs of work-related health problems were estimated with 17.7 € billions (BKK 2008). Work-related health problems are health disorders which are in a whole or in a part caused by working conditions or at least negative influenced in its process. According to this survey the direct and the indirect costs of work-related health problems are almost at the same level. Therefore the damage by production losses which are caused by work-related health disorders (indirect costs) amount to about 20 € billions in 2010.

EARLY RETIREMENT CAUSED BY DIMINISHED EARNING ABILITY

Not only the loss caused by diseased but still “active” employees is massive, but also the loss which comes up by early retirement caused by diminished earning ability. These persons are not available for the labour market any more and do not generate added value. Despite the fact that, considered by age, they are already able to work. In Germany the count of early retirements steadily increases. Noticeable for example is the count of accrual of retirements about mental and behavioural disorders. Those rose up continuous in the last years. 53.388 men and women dropped out of the labour force for this reasons (BAuA 2011) in 2007. This figure enhanced to 70.946 in the year 2010, which is a growth of 31.7 %.

THE DEMOGRAPHIC CHANGE AND THE IMPACTS FOR SME

By the imminent Demographic change the above outlined effects will be strengthened. Especially in SME wide-ranging consequences will emerge by the Demographic chance.

In the beginning of 2012 there lived 81.8 million people in Germany. By 2050 this will be reduced to nearly 69-74 million and by 2060 to nearly 64-70 million (Federal statistical Service Germany, 2009). But there will not only be less people in Germany, simultaneously the average age of the inhabitants will rise from 42 years in 2005 up to 50 in 2050. In consequence of these changes there will be many old and less young people in Germany. In 2060 the proportion of the people younger than 20 years will decline to less than 16% of the populace (from 19 % today). The population in working age (20-65 years) will decline from 50 million today (61 % of the population) to 36 million in 2060 (50 % of the population). At the same time the age-structure of the labour force changes. The number of employed persons between 15 and 29 years will decrease from 10 million to nearly 6 million and the number of people between 30 and 49 years will decline from 24 million to nearly 16 million (Federal statistic service, 2011). At all events the German labour force will be constituted in a great part of people older than 50.

From a business management perspective, a lack of skilled workers means that Human Resource Management must have a high priority in the companies. This is especially true in SME, because in a SME every missing worker is harder to substitute than in a large company. But even in SME the internal and external HR is not as professional as in large companies and the large companies have more possibilities within the HR than the SME. For all companies equally applies that they have to develop strategies for finding, acquiring and attaching of talents. Considering the Demographic Change with a declining quantity of young workers, an alignment of the HR strategy to young external employees would not be sufficient. It will be

necessary to focus on keeping up the existing workforce of the company, as well. A vital component in this manner could be the Corporate Integration Management.

STATUTORY PROVISION TO IMPLEMENT A CORPORATE INTEGRATION MANAGEMENT (CIM)

In many cases the workplace and the operational environment play a prominent role for potential diseases. Especially for employees which have multiple been written off sick because off their symptoms, modifications in the operational environment could have influence to their disease time.

The Corporate Integration Management / Disability Management represents one of the three pillars of the workplace health management (iqpr 2005). It was established by law with effect from 01.05.2004. If employees are longer ill than six weeks uninterrupted or repeatedly disabled longer than six weeks overall within one year the employer must resolve with the accordance of the concerned employee how the disability can be negotiated. The failure to comply with the obligation is not sanctioned directly. But in a possibly proceeding for protection against dismissal to an employer which has not performed a CIM-Proceeding higher demands to the burden of producing and proof evidence are obtained (Kothe 2010a).

AIMS, PROGRESS AND PARTICIPANTS OF THE CIM

The CIM should not only support the employee to get over his actual disability but also to prevent a fresh disability and to receive the workplace of the concerned employee (Gieser & Wendt-Danigel 2011). With the help of CIM the costs for employers and social funds should be reduced. The CIM applies for all people employed and for all companies in Germany. The precise process of the CIM is not required by law. In this way, there is the possibility for companies to adapt the CIM-Proceeding to their own corporate situation and structure. In order that the minimum requirements to a CIM-Proceeding are fulfilled, the Federal Ministry of Labour and Social Affairs commissioned to develop guideline. For example a guideline conceptualized by Gieser & Wendt-Danigel (Gieser & Wendt-Danigel 2011) apportiones the progress into 10 steps.

If the adopted measures have been successful, the CIM-Proceeding ends. If this is not the case, the progress is repeating as of a certain step. But it can be recognised as well, that it is not possible to take or develop appropriate measures and the progress ends without achieving the desired objectives. An important point is that the CIM-Proceeding is absolute voluntarily for the employee. If an employee rejects the progress out of hand or the involved parties determines under first dialogue that a CIM-Proceeding is not necessary or undesired, the progress can already be finished in the early stage.

As well as the progress, the participants of the CIM-Proceeding are not conclusively regulated by the law. As necessary actors entirely the employer, the person concerned, the competent employee organization and perhaps the severely handicapped employee representative are mentioned (§ 84 SGB IX). Because of the performance requirements the concerned employee can call to the progress for example the following actors: the company doctor, the disability manager, the superior, the commissioner for data protection, the corporate social counselling, the equal opportunities officer, the quality management manager, representatives of the health insurance funds and the social security benefits offices.

DIFFERENTIATION TO THE RETURN TO WORK INTERVIEW

An important differentiation must be made between the “new” CIM-Proceeding and the “classical” return to work interview (Kothe 2010b). As a means of control the return to work interview has to be assigned to the absence management of the company (Feldes 2009). In contrast to the CIM it can be ordered by the employer. Even the concerned employee can’t

choose the participants of the progress. Both are essentials for the CIM-Proceeding. Further differences arise in the areas statutory basis, aim of the progress, organisation of the proceeding, conducting talks, conversational aim, labour-law related consequence and in data privacy.

CORPORATE INTEGRATION MANAGEMENT IN SME

The statutory provision of the implementation of a Corporate Integration Management not only affects the large companies, but rather every company in Germany. About their size and, in comparison to the large enterprises, more limited funding the small and medium sized enterprises are presented with considerable problems. Furthermore SME do have a smaller framework to integrate disabled employees (Niehaus et al. 2008). Nevertheless the openly formulating of the progress by the legislator enables the companies to involve external resources. This could be an external consulting or even the incorporation of an external disability manager. A survey by order of the Federal Ministry of Labour and Social Affairs resulted in that despite the legal obligation only about 40% of the SME perform a CIM-Proceeding (Niehaus et al. 2008).

The purpose of this article is to examine, if the Corporate Integration Management for SME is not only a strain, but also a chance.

DIRECT ECONOMIC ASPECTS OF THE CIM FOR SME (SHORT TERM)

Does it worth for a SME despite of the difficulties to implement a CIM-Proceeding in the company? A comparative calculation about a handicraft business with seven employees displays that the CIM-Proceeding is profitable despite the costs for an external expert (here: company doctor) (Tauscher et al. 2010). For this purpose the case of a 50 year old employee, which was disabled for seven weeks caused by a repeated disc prolapse, is calculated in three different scenarios:

Scenario 1: No CIM and no continued employment

Scenario 2: Performance of CIM and continued employment

Scenario 3: Performance of CIM and no continued employment

In the case of scenario 1 costs in the amount of 16,819.38€ are determined. In scenario 2 costs amounting to 7,568.-€ incurred and in scenario 3 8996.25€ are calculated. In scenario 1 (no CIM and no continued employment) the largest cost factor are the costs for firing. They incurred in form of a severance payment (here: 9,283.13€). In the analogue case of firing in scenario 3 this costs can be avoided by the performance of a CIM-Proceeding. In comparison with the emerging costs for the CIM-Proceeding (here ca. 1,500.-€) the costs for the severance payment are much higher. In the best case, the performance of CIM and continued employment (scenario 2), the costs for the Progress accrue as well (1,500.-€), but the costs for the recruiting and initial training of a new employee can be avoided.

As a consequence, for SME the performance of a CIM-Proceeding is interesting for short - term financial aspects alone.

EXPERIENCE WITH CIM AND FURTHER ASPECTS

Also in the longer time-frame there are many advantages recognizable. In a study carried out in the year 2010 (Freigang-Bauer, I. - Gröben, F. 2011) 29 % of the questioned enterprises stated that they had unmitigated success with their CIM-Progress and thus could shorten the illness-times of their employees. In only 6 % of the cases the CIM-Proceedings failed. In the majority of the cases (52%) at least a partial success could be achieved. The success of CIM and an essential aspect is the more rapid recovery of the employees. By this costs can be lowered on a large scale. For the individual company the employees are available earlier and

the costs for therapies decrease. But there are further advantages caused by the CIM-Proceeding. Beside the possibilities which the CIM provides in the acute case of illness it can achieve successes as a preventative measure, as well. With CIM “ill-making” in-firm factors and corporate health risks can be analysed systematically.

According to a study (Konrad, E. 2009) the firms surveyed have been carrying out a number of measures, but a systematic approach is missing. Here, the CIM can provide clear guidelines and, at the same time, allow sufficient flexibility for individual solutions. With a systematically approach an early recognition of potential problems and the timely launching of sufficient measurements is possible. Experienced employees and knowledge carriers remain longer healthy and are available for the company for a longer time.

Another vital aspect for the internal Human Resource Management is the improvement of the working atmosphere caused by the introduction of CIM. This applies to the healthy employees as well. The employees feel acknowledged and valued and about this they are content to espouse themselves with a higher effort for the company. With the introduction of CIM also an image improvement can accompany.

The dealing with invalid and older employees shows the social competence and the handling with social responsibility of the firm which is an aspect that should not be underestimated in terms of the reputation of the company. Especially with these “soft factors” a SME can establish an own position and distinguishes from the big companies to get an advance for successful recruitment of new employees.

One restriction must be made concerning the CIM in micro-enterprises. The survey of the BFW Sachsen-Anhalt (Konrad, E. 2009) has shown, that in micro-enterprises the implementation of CIM can't be a great success. Because in micro-enterprises the employers know their employees well and if there is any requirement they try to achieve individual solutions. Likewise with a very small workforce the demand is small, too.

CONCLUSION

For SME the in 2004 compulsory established Corporate Integration Management is not only a statutory provision and strain, but also a chance.

In SME (with restrictions for micro-enterprises) the CIM-Proceeding should be implemented in any case. The costs therefore are reasonable. The profits are mostly not to be precisely quantifiable, but in total they exceed the costs (many “soft factors”, i.e. motivation, identification with the company, “to be valued”). Smaller enterprises should draw back to external resources to perform CIM, in this way the costs remain calculable.

In combination of the two elements “help in the actual case of illness” and the “preventative measure” an early warning system for diseases and health problems can be developed.

With this systematically approach the count of disabled employees can be reduced in the long run. Furthermore if employees can do their work under positive changed conditions and reduced stresses, then disease-caused terminations can be decreased as well.

Therefore the reduction of costs is not only an advantage in the short run. A successful implementation of a CIM also supports the long term and strategic development of the companies. The larger savings arise in the long-term timeframe. In the labour market of the future, influenced by the Demographic Change, the Corporate Integration Management is a component with which the SME can prevail against the large enterprises.

REFERENCES

1. BETRIEBSKRANKENKASSEN (BKK 2008): Kosten arbeitsbedingter Erkrankungen und Frühberentungen in Deutschland, p. 6, BKK Bundesverband 1. Auflage 2008 , Essen.

2. BUNDESANSTALT FÜR ARBEITSSCHUTZ UND ARBEITSMEDIZIN (BAuA 2012): Arbeitswelt im Wandel. Zahlen - Daten – Fakten, p. 43, 1. Auflage 2012 , Dortmund, ISBN: 978-3-88261-706-1.
3. BUNDESANSTALT FÜR ARBEITSSCHUTZ UND ARBEITSMEDIZIN (BAuA 2011): Sicherheit und Gesundheit bei der Arbeit 2010, p. 56; Dortmund 2011; ISBN 978-3-88261-140-3.
4. FELDES, W. (2009): Vom Fehlzeitenmanagement – zum Eingliederungsmanagement. Ablösestrategien für die Betriebsratspraxis, p. 223-227, in: Arbeitsrecht in Praxis (AIB), 4/2009.
5. FREIGANG-BAUER, I. - GRÖBEN, F. (2011): Eingliederung von Mitarbeitern mit psychischen Erkrankungen, p. 35., 1. Auflage 2011 Hans-Böckler-Stiftung (Hrsg.), Düsseldorf.
6. GIESER, M. - WENDT-DANIGEL, C. (2011): Handlungsleitfaden für ein Betriebliches Eingliederungsmanagement, p. 13-46. 2. Auflage 2011 Hans-Böckler-Stiftung (Hrsg.), Düsseldorf.
7. iqpr / Institut für Qualitätssicherung in Prävention und Rehabilitation GmbH an der Deutschen Sporthochschule Köln (Hrsg.) (2005): Förderung der Teilhabe am Arbeitsleben – Zwischenbericht – Strukturmodell des Betrieblichen Gesundheitsmanagements, p. 8, Köln, 2005.
8. KONRAD, E. (2009): Auswertungsbericht zur Unternehmensbefragung auf der Grundlage von 30 Interviews in Klein- und Mittelständischen Unternehmen, p. 211, 1. Auflage, Bfw Berufsförderwerk Sachsen-Anhalt, Magdeburg.
9. KOTHE, W. (2010a): Anforderungen an ein Betriebliches Eingliederungsmanagement. In: juris PraxisReport Arbeitsrecht, 21/2010.
10. KOTHE, W. (2010b): Das betriebliche Eingliederungsmanagement – Ein doppelter Suchprozess. In: WSI-Mitteilungen 7/2010.
11. NIEHAUS, M.; MARFELS, B.; VATER, G.; MAGIN, J.; WERKSTETTER, E. (2008): Betriebliches Eingliederungsmanagement, Studie zur Umsetzung des Betrieblichen Eingliederungsmanagements nach § 84 Abs. 2 SGB IX, p. 34, University of Köln 2008.
12. Sozialgesetzbuch (SGB) Neuntes Buch (IX) (SGB IX): Rehabilitation und Teilhabe behinderter Menschen, vom 19. Juni 2001 (BGBl. I 2001, S. 1046).
13. Statistisches Bundesamt (Hrsg.) [Federal statistical service], 2012: Gesundheitsausgaben 2010 auf rund 287 Milliarden Euro gestiegen, Pressemitteilung vom 05.04.2012 - 125/12.
14. Statistisches Bundesamt (Hrsg.) [Federal statistical service], 2009: Bevölkerung Deutschlands bis 2060: 12. koordinierte Bevölkerungsvorausberechnung, Wiesbaden 2009, p. 26ff.
15. Statistisches Bundesamt (Hrsg.) [Federal statistical service], 2011: Statistisches Jahrbuch für die Bundesrepublik Deutschland, Wiesbaden 2011, p. 21ff.
16. TAUSCHER, A.; SEIDER, H.; RAMM, D. (2010): Betriebliches Eingliederungsmanagement in Klein- und Mittelbetrieben – ökonomische Aspekte, Teil I; in: Forum B; Nr. 13/2010; Dvfr Deutsche Vereinigung für Rehabilitation; p. 1 - 5.

CONTACT ADDRESS

Reich, Matthias, PhD student, matthiasreich@web.de

Fonger, Jürgen, PhD student, JuergenFonger@googlemail.com