

Interview with Dr. Heinrich Beyer, Managing Director of the German National Centre for Employee Financial Participation – AGP

Heinrich Beyer is committed to the dissemination of employee participation Germany. In the German Federal Government he sees little interest. "Other topics have more priority in Berlin."

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Dr. Beyer, in the German Government it is consensus that the promotion of employee participation is an important social goal. But we cannot see any activities. Why is that?

We regret that because we face an increasing interest of the companies, especially of small and medium-sized enterprises. The fiscal framework for employee financial participations is very unfavorable. A new employee participation law was passed in 2009. This has brought positive changes but is still far from being sufficient.

Is this issue not on the agenda of the Berlin coalition?

Other political issues have more priority at the moment. That's why we are not making any progress at this time. But what we know from various ministries and also from some state governments is that there are initiatives which will put back this topic on the political agenda. After the summer break we will advertise in the responsible Federal Ministry of Labor again for that meaning.

How could the government improve the current conditions?

We demand a deferred taxation or higher tax-exemptions for employee financial participation. Of course the Treasury asks for the costs for the state due to the default of tax revenues and social contributions. But the benefits for enterprises, employees and society would clearly outweigh.

Many countries in the EU are far ahead of us. What are the reasons for that?

That is a question of what are our priorities. Other countries have learned that specific incentives can promote employee financial participation and private asset formation. We have tax incentives very one-sided focused on occupational pension schemes. But in this field we have high costs and low revenues - in contrast to employee financial participation schemes.

It is seen as a big disadvantage of EFP-schemes that in case of bankruptcy of a company the employees will lose their job and also their investment.

Employee financial participation is an entrepreneurial investment which is connected with chance and risk. In the case of insolvency the employee-investors will lose their money. That is a fact and should be clearly communicated to all employees who are interested to take part at such a scheme. It is not possible to achieve a high level of safety and high returns with one product. That's why no one should put all his money on one card. Therefore almost all companies take precaution in that way, that they limit the investment of each employee. Apart from that employees can decide for

themselves whether they want to participate at the company's success or not. For that decision they have the best imaginable information because they "work inside their investment" – day by day.

What do the companies expect to gain?

Only a few companies gain to collect money from their employees. Today enterprises will get money much more comfortable from a bank. Especially for the typical medium-sized company financial participation is a way to highlight the trustful and cooperative relationship with the employees. With regard to the lack of qualified workers in Germany that can be a crucial advantage in the war for talents with other companies.