

Practical Wisdom for Sustainable Organizations

Eberhard Sasse  
Andre Habisch *Editors*

# The German Chambers of Commerce and Industry

Self-governance, Service, the General  
Representation of Interests and the  
Dual System of Professional Education

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# **Practical Wisdom for Sustainable Organizations**

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Andre Habisch, Faculty for Business and Economics, Catholic University of Eichstätt-Ingols, Ingolstadt, Bayern, Germany

Laura Sasse, München, Bayern, Germany

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Eberhard Sasse • Andre Habisch  
Editors

# The German Chambers of Commerce and Industry

Self-governance, Service, the General  
Representation of Interests  
and the Dual System of Professional  
Education

A practice-oriented handbook covering the  
fundamental principles and practical  
implementation of Chamber work in Germany

In Cooperation with Laura Sasse

 Springer

### *Editors*

Eberhard Sasse  
Chamber of Commerce and Industry  
for Munich and Upper Bavaria  
Munich, Germany

Andre Habisch  
Catholic University  
of Eichstätt-Ingolstadt  
Ingolstadt, Germany



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# Foreword: CCI—Three Letters Underpinning a Successful Economy

**Dr. Markus Söder, Photo Credit: Bavarian State Chancellery**



For about a year now, the Corona pandemic has been dominating social and economic life around the world. Bavaria is a record holder concerning business and employment as well as being seen as a world of the future for many individuals. Nevertheless, the Bavarian economy is not immune to the virus—but it is extremely resilient! This is primarily due to the good cooperation between the Bavarian State Government and the business associations. For example, the Chamber of Commerce and Industry for Munich and Upper Bavaria ensures that the funds provided in the comprehensive government aid programs reach businesses directly and without red tape. This ensures the survival of many companies.

We in Bavaria believe in the self-governance of economic affairs. This is what our Chambers of Commerce and Industry (CCIs or “IHKs” in German) stand for. Our nine Bavarian CCIs operate as business institutions for the economy. They understand what drives local businesses, they are a strong voice for our companies and, as drivers of innovation, ensure that Bavaria’s commercial economy remains in the fast lane. They stand for the principles of the honourable merchant, for sustainable and value-oriented forms of business, as well as for the best opportunities throughout the state and in all regions. Our CCIs are also committed to facilitating the best possible levels of education and training, the master craftsman’s certificate

and the dual vocational system. Together with the Chambers, we ensure that the right skills and know-how are continuously developed, thereby safeguarding tomorrow's prosperity.

A high level of vocational education and training in combination with intensive support extended to research and technology have contributed to making our Free State one of the world's leading industrial and economic hubs. While other countries are scaling back their investments due to the pandemic, we are taking the opposite approach. With the High-Tech Agenda Bavaria, we already launched a 3.5 billion euros technology and future offensive before Corona and massively expanded it again last summer.

And, as an ambitious high-tech location, we are spearheading the digital revolution as we know it. We also enjoy a high level of political stability, internal security and social cohesion. We know for certain: Bavaria's success is attributable, above all else, to the merit of its socially responsible entrepreneurs. Surely you must know some of Bavaria's global players such as FC Bayern Munich, Adidas, Allianz, Audi, BMW, MTU, MAN, Linde or Siemens. Other (less well known) contenders include hidden champions such as businesses from the small- and medium-sized enterprise (SME) segment, the industrial, trade and service sectors and Bavaria's lively start-up scene. Here you will find suppliers, customers, collaborative partners and a state-of-the-art infrastructure supporting energy, data, goods and people. And you will find a quality of life that is second to none.

Bavaria stands for tradition and technological progress, for high-tech and high culture, for prosperity and values—and especially for team spirit and willingness to help when we are challenged. See for yourself. It would be my pleasure to welcome you to the Free State one day!

Munich, Germany

Dr. Markus Söder  
Minister-President of Bavaria

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## Preface

**Dr. Eberhard Sasse, Photo Credit: CCI for Munich and Upper Bavaria/Goran Gajanin\_Das Kraftbild**



Why have we written a book for you about the German Chambers of Commerce and Industry? It is because we are passionate about the concept of the Chambers of Commerce and Industry, or CCIs for short. CCIs and their members share a system of values and view themselves as honourable merchants. They give the economy independence. They share their knowledge. They enable the economy to exert political influence. In doing so, they were instrumental in ensuring that the Federal Republic of Germany was able to rebuild its economy and even achieve considerable economic success following Germany's own inexcusable and disastrous role in the Second World War, following which the nation's economy was completely devastated.

In Germany, CCIs are legally recognised institutions, while companies are members by law. There are currently 79 CCIs operating in regional chamber districts. These work with companies to facilitate economic growth, while also taking responsibility for their member companies and the wider location in which they operate.



The issues that enthuse and inspire us have been enshrined into the very essence of CCIs by legislators. Firstly, they should contribute to establishing a responsible and fair economic environment in which we live and help with developing visions for a sustainable future through a model premised on the concept of the honourable merchant. Secondly, CCIs should organise key aspects of the economy themselves in a process where legislators delegate a variety of administrative tasks, such as the granting of vocational training licenses or the issuing of certificates for commercial transactions, which the CCIs then implement for companies with real commercial acumen. This reduces the burden of bureaucratic process and renders the economy more independent of the state. Thirdly, CCIs should function as a key point of contact for services and initial consultation for all operational questions, thereby empowering individual companies. Fourthly, they should represent the interests of the economy and of all their member companies—irrespective of their size or industry.

In particular, they should contribute to the success of the German economy in this way by operating as a forum for exchange. Entrepreneurs gather and meet here, share their practical knowledge and develop solutions in a collaborative environment. They meet at events, in workshops, through networks, as part of alliances or even before consultation sessions, but also because they are involved in the general assembly or other technical and regional committees. In these committees, they discuss and adopt positions on economic policy, while also asserting such standpoints in the political sphere and exercising the appropriate influence. Dedicated CCI employees work for their entrepreneurs. They incorporate the knowledge and concerns of companies and, supplemented by their own unique expertise, bring these points into the fold of their own political work. Subsequently, a CCI actively contributes to the ongoing development of a particular geographic region. This creates a dynamic “share economy” of a very special kind—along with successful companies that compete with one another and who still want to achieve the best possible conditions for everyone involved.

Such “best possible conditions” do not mean that only the current generation of entrepreneurs is experiencing great prosperity. These best possible conditions must also be sustainable—so that their benefits are felt by our grandchildren; they must also protect and value both people and the environment and cement the economic foundations of future generations. Growth must be sustainable and not dictated by the pursuit of maximum exploitation. This fundamental insight is more applicable than ever: Climate change does not improve the conditions for economic success. Developing sustainable conditions is easier when we pull together—in one region, one country, one continent and around the globe. Therefore, in addition to those CCIs nestled in the various regions, there are also CCI working groups at the next higher level: in the federal states, in Germany and across Europe.

We are certain in our belief that, without the CCIs, the Federal Republic of Germany would be less well-off in economic terms today, and that if the nation had weathered economic crises with reduced success, it would be less confident about the future. Collaboration, exchange, advocacy and shared values underpin strong growth.

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Therefore, in the course of this book, we would like to introduce to you the concept and system behind the Chambers of Commerce and Industry using numerous practical examples, as well as share our enthusiasm and knowledge about the CCIs. With this book, we would also like to win you over to the host of benefits you can enjoy with the CCIs, promote their importance, bridge any gaps in your understanding of the potential the CCIs have to offer, in order that you can conduct a thorough review—and ultimately utilise all they have to offer—for your region. The work of the CCI for Munich and Upper Bavaria—the largest in Germany—is nothing short of a role model in this regard.

Munich, Germany

Dr. Eberhard Sasse  
Entrepreneur and President of the CCI  
for Munich and Upper Bavaria

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## How to Enjoy this Book

This book aims to introduce you to the work undertaken by the German Chambers of Commerce and Industry in all its theoretical and practical dimensions. The CCI in Munich has been nothing short of a role model. The other 78 German CCIs all have the same statutory duties.

The book is aimed at interested readers from all over the world: these include entrepreneurs, scientists, politicians, authorities and ministries, multipliers and anyone keen to learn more about how businesses and the economy can successfully organise themselves.

The book is designed as a manual and has been divided into eight chapters. The individual chapters shed light on the tasks and structures underpinning the CCIs in such a way that all those who wish to establish a system similar to that of the German CCIs in their respective countries can be inspired by the model described here during the implementation process.

The chapters have therefore been deliberately kept very practical, and they describe in concrete terms the hands-on work managed by the CCIs—from practice for practice. With this practice-oriented approach, we also want to do justice to the title of the book series “Practical Wisdom”. It is our intention to share the practical knowledge accrued by the CCI for Munich and Upper Bavaria with our readers.

You can expect the following in the individual chapters:

Chapter 1 “The Magic of Economic Growth” offers a sound conceptual introduction to the book. Professor Dr. Andre Habisch, Economist, Theologian, and Social Ethicist at the Catholic University of Eichstätt-Ingolstadt, together with Dr. Eberhard Sasse a publisher of this book, explains the positive influence that CCIs have had on Germany’s economic progress since the Second World War. Assuring self-organisation of regional business, CCIs became a corner-stone of the dual system of professional education, which guarantees lowest levels of youth unemployment while contributing to high quality standards of German Goods and Services worldwide.

Chapter 2 “The Bridge Between Business and Politics—The CCI and Their Normative Foundations” describes the legal basis in which all CCI work is rooted: What are the legislative requirements for CCI work? What tasks does the legislator assign to the CCIs? Within which structures do the CCIs act? How do stakeholders become involved? Here, we also take a detailed look at the history of the CCIs.

Chapter 3 “Comparing the Chamber Systems—What a Colourful World” introduces additional Chamber systems in Germany and across the world and, at the same time, its counterpart: the private business association. This chapter specifically focuses our attention on the different approaches and strengths involved.

Chapter 4 “The German Chambers of Commerce Abroad” reveals just how the Chambers of Commerce Abroad support Germany’s export-centric economy in foreign markets and offers some insight into how these are structured and financed.

Chapter 5 “CCI in Practice—Public Tasks Delegated by the State” describes, on the basis of numerous specific tasks, how the economy organises itself through the CCIs. This includes the organisation of the country’s dual vocational training system. This special task is dealt with over a significant portion of the chapter—among other reasons because dual vocational training is a particular strength of the German economy. But it also grapples with other tasks assigned by the state, such as the issuance of certificates for commercial transactions or the recognition of foreign professional qualifications.

Chapter 6 “CCI in Practice—Promoting Business” focuses on the services rendered by the CCIs. Which offers (in which areas) are provided by the CCIs, in order to help companies cope with their day-to-day workload and meet the challenges of the future? It begins with start-up advice that goes beyond the scope of a general business consultation and ends with special support in securing the skilled workers needed, succession planning or an environmentally friendly way of doing business.

Chapter 7 “CCI in practice—General Representation of Interests” shows how a comprehensive, legally constituted and democratically legitimised opinion-forming process works within a CCI. It also explains the work undertaken by a state working group and the Association of German Chambers of Commerce and Industry (the German umbrella organization), and how CCIs have been able to influence the underlying legislative process.

Chapter 8 “The Honourable Merchant—Foundations and Guidelines Steering All CCI Work” describes exactly what is meant by the term “honourable merchant” in today’s times, and how it can be put into practice with a management approach guided by the concept of Corporate Social Responsibility. Finally, you will be introduced to portraits of CCI members from Munich and Upper Bavaria, who implement the principles of the honourable merchant in their respective companies in exemplary fashion.

Each chapter has been divided into a set of independent, stand-alone sub-chapters. You can, therefore, select individual topics from those specific chapters that are of particular interest to you. Furthermore, detailed information is also provided in the form of boxes and case studies, which can be read independently from the overall text.

**All the information, interviews and portraits in this book were mainly gathered in 2018.**

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# The Magic of Economic and Social Development

# 1

Andre Habisch



Decent Work and Economic Growth remain crucial factors for the future of mankind. In the recent catalogue of the UN Sustainable Development Goals (SDGs), they rank 8th; however, they also represent crucial prerequisites for the first four SDGs which are:

- (1) No Poverty,
- (2) Zero Hunger,
- (3) Good Health and
- (4) Well-Being and Quality Education.

Therefore, sustainable economic development is highly appreciated not only among entrepreneurs and citizens but also among electorates and governments all

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A. Habisch (✉)  
Catholic University of Eichstätt-Ingolstadt, Ingolstadt, Germany  
e-mail: [andre.habisch@ku.de](mailto:andre.habisch@ku.de)

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over the world. It makes voters happy thereby increasing their approval of politicians.

Unfortunately, however, sustainable economic development is difficult to attain—especially if the country starts from a position of poverty, illiteracy, violent conflict or destruction. Few countries have made it successfully through these changes (most prominently Asian economies like Singapore, South Korea, China being among them)—while many others sooner or later fail or progress very slowly. For example, countries such as Argentina and parts of Brazil could not convert temporary prosperity—resulting from the export of natural resources—into permanent wealth and flourishing. Instead, they lost their global income position if their main markets dried up or the products lost their position in an international value chain.

Before that background, the history of the Federal Republic of Germany after 1950 is even more remarkable. Today, the country regularly ranks amongst the most respected, politically stable, economically consolidated. For seven decades now, West Germany (after 1990: united Germany) has benefited from a well-organised socio-economic system. Gross domestic product (GDP)—although it is certainly not a perfect indicator of the quality of life in a country—nevertheless represents an important indicator of long-term socio-economic performance. After the founding of the West German state in 1949, the national product rose continuously. Starting from around 50 billion € in 1950, 526 billion € were reached in 1974 and 3043 billion € in 2015. Since 1950, there have only been two exceptions in this uninterrupted history of growth: the financial crisis in 2009 and the Covid-19-year 2020. In 2019 Germany, with a population of 82 million people, produced the fifth-largest GDP in the world—behind much larger countries such as the USA (more than four times the German population), China (about 15 times) and Japan (about 1.5 times the German population).

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## **Germany Around 1950: An Unlikely Candidate for Economic Growth and Development**

But what many people are no longer aware of today is that predicting this development 70 years ago would have been a risky bet. To understand this better, let us take a moment to look back at the country's situation in 1949. After 12 years (1933–1945) of the totalitarian, criminal and aggressive Nazi dictatorship, Germany was literally in ruins at the end of the Second World War. Not only had 80% of German cities been destroyed including most of the transportation infrastructure and some industrial sites. Moreover, also the social and cultural life had been devastated, which was probably even more disastrous. The country had waged an aggressive war against most of its European neighbours. It had deprived them of their sovereignty, occupied and maltreated them, bringing a tremendous amount of death and destruction also to thousands of innocent civilians. Enormous war crimes were committed especially in Poland and Russia, where millions of captured

soldiers and civilians were killed. Most seriously, however, was the systematic and continuous factory-style killing of more than 6 million Jewish people (and other minorities like Sinti and Roma) in the gas-chambers of annihilation camps like Auschwitz-Birkenau, Treblinka, Sobibor, etc. People of all ages from the old to the baby were killed systematically and without mercy: The so-called ‘Holocaust’ represents one of the most infamous and unbelievable crimes against humanity in history. It was committed by the German people and in the name of Germany; it will be forever connected to the history of the country.

As a consequence of these most infamous and disastrous misdeeds, the country of the perpetrators remained an outcast on the European continent for years. Moreover, aggression and brutality had also turned against German people themselves: Over 8 million citizens had lost their lives as soldiers—but also as civilians, when British and American bombers turned German cities into a blazing sea of flames. Subsequently, when the Eastern parts of the country were incorporated into the Polish territory, more than 3 million German refugees had to flee their homes. Those who survived the hardships flooded into mostly destroyed German cities or overcrowded rural areas—with little more than what they wore on their bodies. After 1945, the remaining German territory was divided into four occupation zones—with the three Western ones (administered by the US, English and French army) later becoming the ‘Federal Republic of Germany’ while the Eastern one (occupied by the Russian army) came under communist rule and later turned into the ‘German Democratic Republic’.

From an economic point of view, these developments strangled the free flow of goods among the different parts cutting deeply into the traditional trade structure of the county. Moreover, during the disastrous winter of hunger in 1946/47 alone more than 400 000 Germans starved to death, died of frost, hunger-related diseases or took their lives out of sheer despair. Now, what would an unbiased observer expect for the economic future of such a country? Not very much, I suppose.

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## **Explanation of the Economic Miracle: The Role of Institutions**

Given the manifest contradiction between the negative point of departure and the most stable further development during recent decades: What may have been the reasons for this amazing development?

- Much is attributed to the fact that after the series of existential crises from 1914 to 1949 the German people were desperately longing for improvement of their material situation. After the ‘zero hour’ of the late 1940s—it is said—things could only get better. As seen above, however, many people around the world are desperately longing for such an improvement of their living conditions; but only very few of them are ultimately successful in attaining it. Wishful thinking



alone does not create reality. Many countries get stuck in dilemmas and crises—sometimes for decades, generations or even centuries.

- Another popular argument focuses on the ‘nature’ of German people, who are assumed to be disciplined, hard-working, and well-coordinated: Character traits that supposedly qualify them to build up a successful economy. From a more comprehensive analysis of the country’s history, however, we do not find a lot of success stories that would qualify for proofing this ‘German nature’. Since the start of modern times, the semi-independent German states were rather beaten with economic and political backwardness—constantly lacking behind their European neighbours in the West. Moreover, even during the 20th century, the period of the so-called ‘Weimar Republic’ (1919–1933) was characterized by extreme political and economic instability. Dominated by industry cartels and omnipresent economic power structures, few entrepreneurial activities could actually blossom during that time. Rather, unemployment rates were constantly high—and soared after the financial crisis of 1929.

Moreover, even contrary to the stunning success of Western Germany, painful stagnation of living conditions prevailed in the neighbouring Socialist ‘German Democratic Republic’. In order to prevent their own population from fleeing the country in large numbers to the Federal Republic, Eastern German authorities built the Berlin wall and fortified the inner-German border. Finally, the GDR collapsed in 1989/1990 also because East Germans were desperately longing to leave the self-proclaimed ‘workers’ and farmers’ paradise’ in order to settle down in the West. Thus, as history proves, ‘German nature’ (whatever that fuzzy concept actually means) is not a probable candidate for explaining the country’s sustainable economic growth.

- Finally, there are voices stressing the importance of economic aid from the American allies. In order to strengthen ‘their’ administrative zones in the competition against the communist East, the US pumped millions of dollars into the embryonal business structure of Western Germany. Moreover, the US Government convinced France and Britain to limit German reparation payments and industrial dismantling until 1951 and favoured the foundation of a common European market. Of course, US investment certainly supported German development; for example, loans for start-up companies were granted on good terms from these funds on an ongoing basis. However, comparable positive conditions were granted to other European countries as well—with much less favourable consequences.

No doubt, several factors contributed to the economic success Western Germany experienced after the total disaster of the first half of the 20th century. However, those factors are far from even partially explaining it. Rather, during the 1950s economic and social institutions emerged (the so-called ‘Social Market Economy’) which organized the economy in line with the dominant value traditions of the country. In other words, during these years, Germany embarked on a path of socio-economic development, which reflected some deep-rooted social capital neglected in earlier periods.

## **Social Market Economy: Realizing the Potential of Private Entrepreneurship**

Much has already been written about the (West-) German social and economic system of the Social Market Economy since its emergence after WW II.<sup>1</sup> The model ultimately dates back to the concepts of economists and social scientist from the so-called Ordoliberal Freiburg school—including scientists like Walter Eucken, Franz Böhm, Wilhelm Röpke and others. Already during the Weimar Republic, they had fought against the overwhelming concentration of private power and the omnipresent cartels in the German economy. These included for example the famous ‘Rhine barons’ of the steel and coal industry, the ‘IG Farben’ consortium—representing the highly cartelized chemical industry—as well as the media mogul Alfred Hugenberg, whose ultraconservative party ended up supporting the disastrous National Socialist party. During the infamous racist and totalitarian Nazi dictatorship (1933–1945), economists like Röpke had to flee Germany while others like Eucken and Böhm nurtured an opposition spirit at the University of Freiburg and—in the middle of terror, genocide, massive destruction and notorious war crimes—worked on developing plans for an alternative post-WW II German Economy.

The ideas of these thinkers substantially circled around the challenge of how to prevent the return of economic power structures, branch cartels, etc., which would (again) oppress private competition, dictate prices and prevent progress. As reflective economic policy masterminds, the architects of the social market economy naturally also differed from one another. One important common denominator of their thought, however, was putting the private, personally liable entrepreneur at the centre of economic and policy concepts. The first conservative-liberal West-German Government under Chancellor Konrad Adenauer and his minister of economics Ludwig Erhard (1949–1963) especially focused on the ‘Mittelstand’ (small and medium-sized enterprises, SMEs), which became a cornerstone of their economic and social policies. In sharp contrast to the German Democratic Republic (1949–1990), where private ownership of production was subsequently abolished and economic processes became part of a socialist political agenda, West German economic policies concentrated on creating an adequate socio-economic environment for the private founder-entrepreneur. In particular, it is these founders, who drive economic and social development, create economic value in a region and ultimately promote technical and organizational progress. More precisely, they hire employees, build up

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<sup>1</sup>Compare, for example the following publications: Muresan, S. S. (2014): *Social Market Economy. The Case of Germany*. Heidelberg-New York Springer. Hasse, R. H., Schneider, H., Weigelt, K. (Ed.). (2008): *Social Market Economy. History, Principles and Implementation – from A to Z*. Konrad Adenauer Foundation: Johannesburg (ZA). Koslowski, P. (Ed.) (1998): *The Social Market Economy. Theory and Ethics of the Economic order*. Heidelberg-Berlin: Springer. Nicholls, A. J. (1994): *Freedom with Responsibility. The Social Market Economy in Germany 1918–1963*. Oxford: Clarence House. Hartrich, E. (1980): *The Fourth and Richest Reich. How the Germans conquered the Postwar World*. New York: Macmillan Publishing.

production processes and offer their products and services on competitive markets—thereby always shouldering the economic liability for a potential failure.

Consequently, if the social market economy is first and foremost about private entrepreneurs and entrepreneurial activity, the Government—but also business associations and unions, chambers, the educational sector, communal and regional administrations—should support and nurture them. Consequently, economic policy in the context of the social market economy is supposed to become SME policy (*‘Mittelstandspolitik’*) in the sense of supporting the foundation and growth of small and medium-sized (*‘Mittelstand’*) companies. Moreover, according to the concept of *‘subsidiarity’* derived from Christian social ethics, this was executed respecting the autonomy and co-responsibility of local and regional administrations. Consequently, SME policies were executed

- (a) on the national level: secure property rights, stable currency, efficient infrastructure, transparent and moderate taxation, appropriate social and health policies, labour law;
- (b) on the federal state (*‘Bundesländer’*) level: educational system, traffic and housing infrastructure, cultural policies;
- (c) on the regional governmental level: factory inspection, trade supervision, regional planning, etc.

The spirit of the Social Market Economy ultimately aimed at improving the financial, infrastructural, organizational, educational, social and cultural conditions for the emergence of entrepreneurial activities. Hence, private entrepreneurs and public policies should not fight against but mutually support each other—both playing their own genuine role for a prosperous community. One counterargument to that approach may pop up immediately in many readers. Why should public policy, why should social organizations support a process which ultimately results in the accumulation of wealth for some private entrepreneurs and their families? Should the national and regional government not rather focus primarily on the poor and disadvantaged individuals and improve *their* lot—for example by directly providing decent housing, food, clothes, health care, basic schooling etc. to them? In post WW II Germany, the poverty and abject misery of millions of needy, impoverished and disparately poor persons was as obvious as it is in many poor countries today. From a social market economy perspective, however, the government can never permanently guarantee the financial support and social integration of millions of poor people in a sustainable way. Rather, from a systematic point of view, the poor can ultimately only make a living themselves: above all by offering work—at least as long as social and economic conditions allow that to happen. Consequently, it is primarily the role of the private entrepreneur to organize and offer that work: by providing goods and services to clients and hire workers for that purpose. Neither government nor other public institutions should prevent (or try to substitute!) private Entrepreneurs from playing that essential role. Rather, the public should concentrate on empowering, supporting and controlling the social and economic activities of competing entrepreneurs—thereby making sure that their

companies comply with the common rules of the market competition. In particular, employers must honour the human rights and personal freedom of their workers, pay their salaries in due time, guarantee healthy working conditions, assist them in increasing their professional proficiency and career etc. They must uphold employees' freedom of organisation, as expressed, for example, in the formation of trade unions (workplace co-determination plays an important role in the German economy, dating back to the early 1920s; freedom of association is enshrined in the constitution). The public duty to create an adequate framework ('Ordnungsrahmen'), which supports but also controls private companies, determines the genuine role of political actors in the Social Market Economy—on the different levels of local, federal state and national Government.

Now, if the Social Market Economy is indeed preliminary about setting the stage for independent founder entrepreneurs: What exactly are the most important policy instruments for that purpose? Traditionally, economists focus on macroeconomic conditions, for example legal guarantees of property rights, decent tax and social security requirements, lower barriers to entry and the prevention of currency friction improving trust. These are indeed crucial institutional factors. However, if we focus more precisely on the necessities of founder-entrepreneurs, we perceive that the factors mentioned above are necessary but not sufficient. Rather beyond a reasonable stable macroeconomic environment, founder-entrepreneurs are primarily in need of two factors:

- (a) easy access to local capital as well as
- (b) regional professional education.

Correspondingly, in the context of the Social Market Economy, specific regional institutions have evolved for both aspects, which particularly promoted the generation and growth of small and medium-sized institutions: regional savings and cooperative banks as well as chambers of commerce based professional education. From a systemic point of view, both represent important intermediary elements, which—each in its own way—correspond with the 'public good' character of service provision for SMEs.

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## **The Role of Intermediary Regional Institutions for Development**

Start-up capital is generally provided by private investors. Hence, from an economic point of view, it clearly represents a private and not a public good. However, banks generally tend to avoid risks and therefore primarily lend money to clients, who are already wealthy and can provide back-up securities in exchange. Consequently, bankers are often reluctant to finance start-up entrepreneurs, which would require a relatively high risk of losing investment capital. Therefore, in the context

of the Social Market Economy, politicians favoured the emergence of regional capital markets in the form of savings or cooperative banks.

Savings banks (“Sparkassen”) developed in Germany at the beginning of the 19th century—mostly in cities or even rural areas as district saving banks.<sup>2</sup> Most of them were developed as communal sponsorship; moreover, during the 1930s, regional building societies (‘Landesbausparkassen’) emerged for the financing of local construction activities. Only after WW II, however, were savings banks able to assume their main economic role as investors into regional SMEs. Primarily, they were required to finance large parts of the necessary (re-) construction activities in German cities during the 1950s and 1960s. Beyond the positive economic development, however, technical change of payment transactions became crucial. More precisely, after 1957 cashless payment of wages and salaries was gradually introduced—promoting the integration of German employee households into the banking sector. Consequently, with the institution of the ‘current account’ at the savings bank (Sparkasse), large sections of the German population became “bankable” for the first time—thereby boosting the capabilities of saving banks to grant loans. Moreover, during the 1960s, the West German savings banks fostered the blossoming saving culture—by introducing many new products and services. Examples include the acquisition loan (1960), the cheque card and the savings bank letter (1967), the overdraft facility (1968) and the savings bank obligation (1970). In 1967, the liberalization of the banking industry even fostered competition among local banks: during the 1970s, they started to install ATMs and account statement printers, which can be used supra-regionally since 1996. In contemporary Germany, the savings banks are still market leaders in small and medium-sized corporate customer business, 63% of the SMEs do business with these public-sector banks.<sup>3</sup>

But then, where is the public good element? Saving banks emerged on a regional basis: thus, they are generally owned by the municipality or local government. Therefore, their main purpose is not to maximize profits for their owners but to sustainably support the economic development of the region. Similarly, cooperative banks basically represent local (mutual) credit associations, which are also eager to support promising local business activities. Still today, if you ask a German founder-entrepreneur for an important moment in the history of his or her venture, many of them tell you with lucid eyes, how the CEO of the local savings or cooperative bank became the first person to share the dream and invest into their—at that stage still rather modest—economic endeavour. Therefore, even if it is not emphasized in economics textbooks, Germany’s widespread system of local and regional banks represented a crucial success factor for the economic development of post-WW II Germany. Most of the founder-entrepreneurs would have never been successful, if it had meant queuing up in private banks in economic centres like Duesseldorf, Stuttgart, Frankfurt or Munich; rather a self-reliant local banking

<sup>2</sup>I owe this historical information to the DGSV website: <https://www.dsgv.de/content/dam/dsgv-de/der-verband/downloads/Geschichte-SFG-DSGV.pdf> (7.1.2021).

<sup>3</sup>Data from finance magazine 09/16 citing a study of Greenwich Associates <https://www.finance-magazin.de/banking-berater/banking/firmenkundengeschaeft-deutsche-bank-verliert-im-mittelstand-1385331/> (7.1.2021).

organization existed for them, which was not only open for their projects but rather welcomed them as (potential) promoters of regional economic development. Complementarily, successful founder-entrepreneurs often serve as members on the Supervisory Board of their local bank later on, thereby continuously infusing their SME spirit in its organizational and service behaviour. Moreover, this system brought forward a generation of local bank directors and financial decision makers, who perceive themselves not primarily as anonymous capital market investors; rather they serve ‘their’ start-ups as benevolent and ‘practically wise’ consultants: to promote their business success—and of course to also secure the repayment of their loans.

In this context, the traditional federal structure of the German countries also plays an important role. During the feudal period of the ‘Holy Roman Empire of German Nation’ a ‘patchwork carpet’ of very heterogenous kingdoms, chiefdoms, church-ruled principalities, free cities etc. had emerged. After the Reformation, confessional conflicts between Catholic and Protestant territories opposed the process of national unification in Western European neighbour countries, where powerful national centres emerged much earlier. When the medieval Empire finally dissolved, some regional authorities even became independent heads of states: they found themselves a unified German National Territory only as late as 1871.

Until today, a practical consequence of Germany’s ‘delayed statehood’ (H. Plessner) is the polymorphous structure of the country. In sharp contrast to dominating political and economic centres like Paris or London, Berlin—originally the capital of Prussia—could never play a comparative integrative role. The violent oppression of federal structures during the centrist and totalitarian Hitler dictatorship (1933–1945) fortunately remained a short episode. With the founding of the Federal Republic of Germany in 1949, the country consciously returned to the traditional pluri-centricity of political and economic structures—expressed also in the name of the young state. Subsequently, it was precisely this federal structure that effectively favoured the emergence of local financial markets and independent savings banks/cooperative banks in each region.

### **... and professional training**

A second essential for the emergence of small and medium-sized Enterprises is a qualified work force, which requires sound professional education of workers at low cost. Consequently, professional education infrastructure plays a comparably important role for economic growth and social development of the German ‘Social Market Economy’:

- First and foremost, education creates a future generation of competent founder-entrepreneurs, who can challenge incumbent firms and existing technology with new products, business models and value chains;
- Moreover, education brings about and constantly regenerates the production skills of qualified workers.

In a nutshell, professional education—unfortunately often ignored in economic analysis—represents a crucial ingredient of sustainable socio-economic development. Modern differentiated education systems with comprehensive compulsory education, elementary schools as well as flexible forms of secondary education—did not emerge until the 19th century. This also applies to the German vocational school system, which began at the end of the 19th century but only underwent important reforms and modifications in the second half of the 20th century. However, strong traditions of vocational training, including its formative and character-building elements, are rooted much deeper in German history. Already in the medieval cities, guilds played an important role as public associations of craftsmen, merchants and other professional groups vis-à-vis the nobility, the clergy and the rest of the people. The guilds, which came into being as early as the 13th century, were structured according to specific professions (bakers, butchers, butchers, etc.) and organised themselves hierarchically, with the guild master being elected by the free craftsmen-entrepreneurs in their assembly. The guild was not an open association, but membership was compulsory for all craftsmen of a particular guild in the city. The city guilds in particular determined the number of free craftsmen's organisations admitted there. In addition, they supervised the process of succession and drew up regulations in this regard. They also set prices as well as quality standards for their goods—and served as a contact point for customers who felt cheated by a guild member. Finally, it was the guild that established and enforced basic rules for the in-service training of young people—whereby apprentices were taken in and successively integrated into the highly organised social life of the guild. After a few years of service, apprentices then received the journeyman's certificate, which was officially issued by the political authorities. In addition, they could continue to obtain the master craftsman's certificate and eventually found their own craft organisation—if they could raise the financial means or married the widowed wife of a deceased owner.

Involvement in the guilds played a decisive role in the entire lifestyle and private networks of the craftsmen and their families—from birth to the grave. Only in the early modern period did the medieval guilds gradually lose their integrative role. Finally, in the course of the liberal reforms of the early 19th century, they were completely eliminated as intermediary organisations. More precisely, the compulsory membership of a craftsman or merchant in a guild was finally abolished when freedom of occupation was proclaimed as a result of the French Revolution. Now every free citizen was considered to be endowed with the right to be self-employed—regardless of the need to join a particular professional group or to abide by its rules. Even though the guilds lost their public character during this period, the social and cultural capital they had accumulated over centuries remained influential. This was especially true for the need to determine the standards of and to set a guideline for vocational training.

In this tradition, chambers of commerce were founded in Germany in the 18th and 19th centuries, inspired by French precursors—in the sense of a self-governing body representing and organising the interests of business. More precisely, the first German chamber emerged in the western city of Elberfeld and Barmen, the centre

of (textile) industrialisation in 1830. Precursors such as the medieval guilds or the “Assembly of Respectable Merchants in Hamburg” (1519) are vaguely reminiscent of this organisation. On closer inspection, however, they show few similarities with the social functions and basic rules of a modern chamber. In particular, voluntary membership in the chamber initially prevailed for business people—according to the liberal mainstream of the early age of industrialisation. For example, when the Prussian government decided to regulate the Elberfeld Chamber barely 20 years after its foundation, membership still remained voluntary.

This only changed after the Second World War—and even then rather surprisingly. During the centralistic Nazi dictatorship, the chambers had been misused for totalitarian infiltration and increasing government control of the economy. Consequently, American and British occupation authorities rejected professional associations and even vetoed plans to introduce compulsory membership in chambers directly after the war. After 1949, important political leaders of the young Federal Republic remained undecided (K. Adenauer) or even voted against compulsory membership (L. Ehrhard). Nevertheless, it was introduced in 1956 by the federal government—formed exclusively by the Christian Democratic Union during this legislative period. As a result, the chambers became “professional corporations under public law”. In this intermediary role as “public representation of the interests of industry”, they indeed played a decisive role in the continuous growth of the German industry described above—including its overwhelming success in international markets during the following decades. The main reason lies in their crucial importance for the German system of vocational training, the so-called dual system.

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## The Dilemma of Professional Education

Professional education is generally organized either in public or private responsibility. In the context of exclusively public professional school systems, government agencies organize courses and hire their own teaching staff for that purpose. Consequently, educational plans and course descriptions are developed *detached* from ongoing professional practice in companies. As a result, public professional education loses touch with the changing necessities of day-to-day operational procedures in the corporate sector. Vocational profiles in purely state schools quickly become outdated. Furthermore, public teachers usually rely on methods, subjects, tools, etc., that they have learned during their own training. This results in a lack of knowledge about technological progress or changing business models. It follows that training courses delivered only by public sector teachers often lack practical relevance and are of limited value to the rapidly evolving business environment. Therefore, young people graduating from such a public school system may not be the most attractive candidates for private companies as long as they lack relevant operational experience. However, their contact with the labour market, in terms of concrete contacts with potential employers, is limited. As a result, the transition from the education sector to the labour market can be rather difficult for



young people. Moreover, candidates who eventually find employment may find that their experience in the ‘sheltered sector’ of public schools has not adequately prepared them for the difficult day-to-day challenges of corporate reality.

On the other hand, elements of general knowledge (e.g. in mathematics, physics, languages, basic technical knowledge, etc.) are rarely taught in exclusively private sector (company-based) training systems. Furthermore, in-company training programmes often lack a comprehensive list of competencies that a trainee is supposed to acquire or of subject areas that he/she is supposed to pass through. Since there is usually only limited supervision of the programme, students run the risk that the quality of the training will fall victim to the demands of day-to-day business.

Moreover, the company as a (potential) trainer faces a difficult dilemma. If it invests a lot of time and money in training some people, it runs the risk that they will later leave to work for a competitor. Other companies may decide to avoid the expense of vocational training and instead poach trained employees from their competitors. As a result, we often find situations of the “prisoner’s dilemma” type of game theory in private vocational training. In a given region the business sector as a whole may clearly benefit from well-developed vocational training structures. The individual company, however, will not invest in them unless it is guaranteed that relevant competitors will contribute to the costs of the training programmes. Since every company ultimately follows the same strategy of “making the others pay”, in the end there are collectively few resources available for educational training: This is exactly what describes the current situation in many countries around the world.

How can this ‘Professional Education Dilemma’ be overcome? As known from game theory literature, this is far from easy. Even if the call for more professional training is widespread and its necessity is generally acknowledged, little is going to be achieved in that respect. In the absence of adequate corporate engagement, however, candidates find themselves either clamped as cheap auxiliary labour without much formative relevance; or their training follows very closely the respective systems, production technologies and cultural standards of their training company—thereby preventing them from easily switching to a competitor. Young people who have been poorly trained during their apprenticeship, however, end up facing a high unemployment risk in their future professional life.

As seen above, the regulations for vocational training move between the “Scylla” of an exclusively public system and the “Charybdis” of an exclusively private system. The latter lacks an ongoing motivation and stream of resources while the former remains void of the up-to-date knowledge and competence to continuously adapt professional training schemes. Thus, from a game theory perspective, competing companies clearly find themselves in a prisoner’s dilemma, which prevents market solutions to emerge. Complementarily, professional training as part of the public education system lacks relevant market information to perform.

## The Dual VET System in Germany

Against this background, the ‘dual system’ of vocational education and training (VET)—as it gradually emerged in Germany—represents an institutionalized cooperation between public and private actors: it may be called a particular type of public-private partnership. In its current form, its mostly tri-annual educational programs combine periods of practical training (executed in the training company) with elements of ongoing schooling (executed in the public professional schools). The two elements are traditionally combined on a weekly basis (with 3 days a week working in the training company and 2 days a week in the professional school). Alternatively, they can also be combined on a monthly or yearly basis according to the necessities of the production or learning process. Most importantly, the structure and contents of both elements—public school education on the one hand and company practical training on the other—are specified in fixed educational schemes, which are known upfront. This specific educational cooperation also forms the basis of the final examination—which in turn is divided into a practical and a theoretical part.

Within the dual VET system, however, private companies do not only serve as places for vocational training; rather, representatives of the business sector are also in the driver’s seat through the chamber system and contribute to the emergence of new professions. So while some training courses still follow more traditional lines (for craftsmen such as bakers, cooks, carpenters, etc.), others have emerged only recently—following proposals from companies and discussions with public sector representatives within the dual system. Thus, vocational training is regularly adapted to changing technological and organisational requirements. In cooperation with the chambers of commerce and the ministries of education (which in Germany are organised at the Länder level), the “Federal Institute for Vocational Education and Training” regularly plays an important role. For example, the Institute also monitors the numbers of trainees in a training occupation; those with less attractive offers are either modernised or closed. Furthermore, in the course of technical innovations and/or changing business models and value chains, completely new “occupations” are being added, resulting from innovative forms of company practice. For example, a new scheme for training “mechatronics engineers” was developed in the automotive industry. More recently, the training profile of an “IT salesperson” or a “social media communicator” emerged.

In this way, the dual VET system combines important aspects of practical orientation/added value for companies with a complementary element of external public supervision (see Fig. 1.1 Different VET systems). Within the dual system, the chambers serve as service providers for the companies—but not only; they are also advocates for the trainees and their training needs. As a result, it is much easier to find a job after a chamber examination than after visiting a public vocational school or even many types of university education. This is due to the fact that in-company vocational education and training already has essential characteristics of a professional job due to its dual structure (i.e. the combination of school-based and in-company training). Further advantages are the contractual and organisational

	PUBLIC SYSTEM	DUAL SYSTEM	PRIVATE SYSTEM
EDUCATION IN	STATE SCHOOL ONLY	BOTH PLACES	PRIVATE COMPANY ONLY
Practical orientation	--	++	++
Adaptive to technical change	--	++	++
Labour market attractiveness	--	++	++
Business experience	--	++	++
Labor market exposure	--	++	--
Induces professional ethos	+	++	--
Includes general knowledge	++	++	--
Program supervision	++	++	--
Comprehensive schemes	++	++	--
Industry-wide acceptance	++	++	--

Source: Prof. Dr. Andre Habisch Catholic University Eichstaett-Ingolstadt

**Fig. 1.1** Different VET systems in comparison

integration into the company as well as the protection under labour law or company contracts.

The system also offers many advantages for apprenticeship candidates. They can choose in advance from the more than 300 apprenticeship occupations currently available. To do so, they inform themselves about the occupations that interest them in the materials provided by employers and chambers. The occupations should really appeal to them and correspond to their personal preferences. However, they also learn that some apprenticeships are much more popular than others—such as car mechanic, office clerk or policeman (more popular with boys), doctor’s assistant, governess and retail saleswoman (more popular with girls). These are therefore more difficult to achieve and more competitive, while professions such as concrete builder, insurance agent or IT specialist are in high demand among employers and graduates usually earn better.

In addition, companies also differ greatly from one another. They advertise training places, so potential trainees inform themselves and choose the offers they consider most attractive. As a result, an apprenticeship at an attractive brand such as SAP or BMW may be more highly rated in the peer group than attending a secondary school or even university. Young people apply to the company they find most attractive and—if successful—sign a training contract. The duration of the training, the curriculum, the training allowance/trainee wage and holiday entitlement are usually regulated by law.

Moreover, trainees in such a system earn their own money from day one. Salaries vary from several hundred to more than a thousand euros, depending on the job description and the year of training. Earning their own money at a young age thus strengthens young people’s motivation and self-esteem. The trainees attend the vocational school to acquire general basic knowledge; the remaining time they

spend in the companies to gain insights into concrete work steps under real working conditions. Here, they are usually integrated into real professional processes. Finally, the trainees have to prove their acquired skills in an examination. At the invitation of the chamber, both entrepreneurs and teachers sit on the examination boards. After passing the examination, a generally recognised training certificate is awarded. This official document can be used for further applications, but also represents a step towards higher education studies, for example at a university of applied sciences. As a rule, however, 2/3 of apprenticeship graduates remain in their training company. Some supplement their skills with further training, others change to a different profession.

In 2020 around 500 000 young people—about half of all adolescents of school-leaving-age—will be trained in the dual VET system. More than 400 000 German companies actively offer training as an important instrument to reinforce their workforce; and more than 2/3 of them keep their trainees. As professional training is such an important investment into the future and it is more and more difficult to attract capable young people in an ageing society, training conditions are subject to continuous improvement. Many family entrepreneurs are personally active in educating and retaining apprentices. Moreover, educational profiles are continuously adapted to meet societal and professional demands.

In addition, another important feature of the dual system compared to a purely market-driven approach to VET should be mentioned. Typically, trainees in company-based programmes take learning modules that are arbitrarily selected and prescribed by the training company. Consequently, learning outcomes are not certified; graduates, therefore, find rather limited appreciation in the general labour market. In such a context, young people are merely “trained”. So-called “blue collar” jobs, therefore, suffer from a bad reputation and are often perceived as catch basins for school dropouts or poor performers. Other course graduates hop from job to job—mostly in low-paid service occupations—or they even combine 3 or 4 of them to make a living. Consequently, they never really develop a professional identity or ethos. In contrast, in the chamber-supported dual VET system, it is said that apprentices “learn a profession”. This also involves aspects of personality development, the formation of a professional identity and a corresponding ethos. Consequently, the completion of training represents a fixed component of professional identity that can serve as a formal step in the life course.

Finally, in the dual system, it is also possible to continue training for a further 2–5 years in order to obtain the master craftsman’s diploma. After passing the final examination, the dual VET systems’ formal requirements for setting up one’s own business and training apprentices are fulfilled. In the business premises of a Central European hairdresser, car repair shop, plumber, carpenter, butcher, baker, etc., the outstanding role of professional qualifications is made visible by the fact that the master craftsman’s certificate hangs on the wall. Showing it openly to every customer is a clear indication of the owner-entrepreneur’s professional identity—including a corresponding promise of good quality.

## The Dual VET System: Advantages for Sustainable Socio-Economic Development

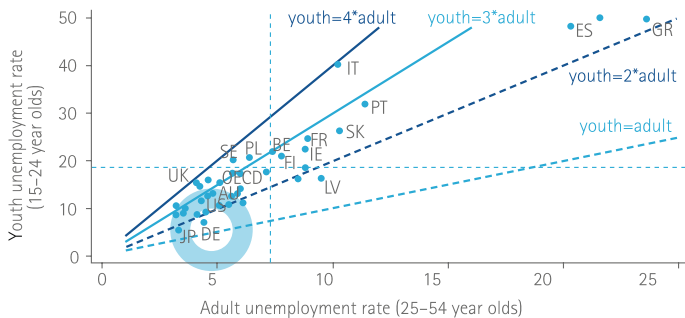
The dual VET system thus represents an important success factor of the social market economy in Germany. In particular, the technical and professional competence of graduates of the dual system supports the high-quality standards of production processes in the German economy—and thus also success in international markets. The constant change in production technologies, in particular, requires not only innovative engineers but also well-trained, motivated and qualified skilled workers. The continuous adaptation of industrial production to changing technologies is therefore crucial for international competitiveness. Just like the electrification of cars in the past, today the digitalisation of production processes, for example, poses a major challenge. To meet this challenge, not only new machines and technical equipment must be introduced, but a different corporate culture is also required. This includes more co-responsible employees who have a high level of technical understanding as well as the ability to operate complex machines, analyse and solve difficult problems, anticipate bottlenecks, etc. The dual VET system represents a complex cooperative mechanism capable of training these types of highly skilled specialists. It is important to understand that chambers indeed play an indispensable role in this respect. Even more: without their specific structure as an organisation under public law, the dual VET system would not have been able to develop.

The prominent role of the dual VET system becomes particularly clear when comparing the youth unemployment rates of different countries worldwide (see Chart 1, which compares countries in this respect<sup>4</sup>). Youth unemployment is one of the most vexing obstacles to economic development, as it entails notorious skill shortages, delayed (economic and product) innovation and ultimately limited growth. At the personal level, youth unemployment is the cause of many young people's personal problems (micro-level), such as unfulfilled dreams and aspirations, the feeling of being superfluous and rejected, the loss of self-esteem and the inability to provide financially for themselves and their family. As a result, these personal problems of young people contribute significantly to social and political problems such as increased youth crime unrest and political instability, exploitation of (cheap) labour and a waste of human resources<sup>5</sup>.

Different empirical indicators prove that Germany enjoys a very advantageous position in the international ranking of youth unemployment—in the European as well as international context (see Fig. 1.2: Pastore, F. (2018)). The relative disadvantage (RD) of young people in the labour market is measuring the youth unemployment rate in relation to the general unemployment rate. Only in Germany and Japan do young people have *the same* chances of finding a job compared with adult and more experienced job seekers. On the contrary, young people's chances

<sup>4</sup>Data from OECD <https://data.oecd.org/unemp/youth-unemployment-rate.htm> (07.01.2021).

<sup>5</sup>See Aaltonen, M.; Macdonald, J.M.; Martikainen, P.; Kivijuori, J. (2013): Examining the Generality of the Unemployment-Crime Association, in: *Criminology* (51) 3, pp. 561–594.



Source: Author's own compilation based on OECD data. IZA World labor  
 Online at: <http://stats.oecd.org/>

**Fig. 1.2** Pastore, F. (2018): World-wide comparison of youth unemployment. Youth unemployment in Germany is low mainly due to dual vocational education and training

are less than half as large compared to adults in Greece and the US, approx. only a third as large in France, Belgium and the OECD mean and only about a fourth as large in the UK, Sweden and Italy<sup>6</sup> (see Pastore 2018, data for 2015).

Even more impressive is the difference, when we compare the absolute disadvantage (AD) of young people. The NEET rate measures the number of young people Not in Education, Employment or Training in relationship to the educated, employed or trained young people (according to the national education system in the age bracket of under 29-year olds). According to the EU statistical office, the total unemployment rate of young people (data from 2018 or latest available) is 6,8% in Germany, but 8,6% in the US, 11,9% in the OECD total, 12,1% in the UK, 22,3% in France, 24,8% in Italy, 38% in Spain and more than 40% in Greece. Of course, there may be multiple reasons for the relatively low youth German unemployment rates. However, it seems very plausible that the dual VET system (including the critical role of business involvement in that respect) plays an important role in that achievement.

Beyond its beneficial influence on youth unemployment, another consequence of this type of educational system is, that it substantially contributes to the success of German industrial products on international markets. If we follow the economic theory of comparative advantage in international trade relations (D. Ricardo), we would expect that countries specialize in production processes with comparative cost advantages. For example, we would expect industrial production to be moved

<sup>6</sup>Pastore, F. (2018): Why is youth unemployment so high and different across countries? IZA World of Labor 2018: 420 (doi: 10.15185/izawol.420), Data for 2015; orig. article: Pastore, F. (2015): The European Youth Guarantee: labor market context, conditions and opportunities in Italy. IZA Journal of European Labor Studies, 4 (1).

to host countries outside Europe, where salaries are much lower and production processes may be organized substantially cheaper. A shift of production processes to low-salary countries is indeed precisely what we observe for low-quality production, for example in the textile or outdoor clothing industry. Quite surprisingly, however, we do *not* perceive this trend for sophisticated technical product processes in the automotive industry, in mechanical and electrical engineering, in chemistry etc. Here, industrial companies in Germany paid an average of 34.10 euros per hour in 2017, compared with only 11.30 euros in the Czech Republic, 9.10 euros in Hungary and as little as 4.90 euros in Bulgaria. Nevertheless, 21.6% of the German automotive products, 16% of the mechanical engineering and chemistry and 15.9% of electrical engineering are exported to international markets. Overall, the German industry contributed 23.1% to the total value creation in Germany—compared to only 10% in France and 9% in the United Kingdom.<sup>7</sup>

Summing-up, even with very high labour costs in Germany, many cars, machines, chemical substances and electrical devices are still produced nationally, although companies could save substantially by shifting production to already existing factories in Eastern Europe. Here, the availability of professionally trained workers represents the crucial competitive advantage for the production of high-quality sophisticated goods. The dual VET system keeps jobs in the country even in the context of a high division of labour and strong international competition of production sites.

Another positive aspect is more culture related. The dual VET system, which is generally accepted and well established in Central Europe, opens a door for many young people to alternative career biographies beyond the general educational hierarchy of primary school—secondary school—grammar school—college—university. In many countries of the world, this prevailing educational hierarchy indeed produces a social class system, in which financial success and prestige directly depend on one's level of formal education. However, many young people cannot develop their strengths in such a system: for example, those who only develop a clear perspective for themselves later in life or those who are more practically oriented. In contrast, the dual VET system also enables skilled workers, craftsmen, medical assistants and other apprenticeships to have a better sense of self-worth, prestige and earning potential.

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## The Dual VET System—A Team Product

The institutional architecture of the dual VET system is laid down in the federal law on vocational education ('Berufsbildungsgesetz'). In general, § 76 stipulates that the so-called competent body controls the implementation of practical

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<sup>7</sup>Data from Frankfurter Allgemeine Zeitung FAZ 30.4.19, p. 17.

vocational training in the company.<sup>8</sup> The relevant chambers have been designated as the competent bodies. These include the Chambers of Industry and Commerce (IHK), the Chambers of Trades and Crafts, the Chambers of Agriculture and the Chambers of Liberal Professions such as the Medical Association. More specifically, the Chambers of Industry and Commerce (IHK), the Chambers of Trades and Crafts, the Chambers of Agriculture and the Chambers of Liberal Professions, such as the Medical Association,

- monitor vocational training (Section 76 § 1 No. BBiG),
- keep a register of training relationships into which the essential contents of each vocational training contract are to be entered (§ 34 BBiG),
- advise the persons involved in vocational training on all training issues (§ 76 BBiG),
- monitor the suitability of the training staff and the training centre (§ 32 BBiG),
- form the examination committees for the acceptance of the nationwide uniform interim and financial statement audit (§§ 48(1), 39(1) BBiG),
- issue certificates valid throughout Germany, that is skilled worker and apprenticeship certificates (§37(2) BBiG),
- accompany and support the implementation of stays abroad (§ 76).

For that purpose, chambers are obliged to set up a *vocational training committee* (Sec. 77 § 1 BBiG). It consists of six honorary representatives of the employer's organizations and six representatives of the employees (trade unions). In addition, six teachers from vocational schools participate in an advisory capacity. As a joint body, the vocational training committee must be informed and consulted on all important matters of vocational education and training (Sec. 79 § 1 BBiG).

In addition, a federal state (Bundesland) *Committee for Vocational Education and Training* is also set up by the state government (Landesregierung). This committee, too, is composed equally of representatives of the employer's organizations, the trade unions and the state authorities; half of the latter representatives have to be experts in matters relating to the school system (Sec. 82 § 1 BBiG). The State Committee has the tasks of

- advising the state government on vocational education and training issues,
- contributing to the continuous development of the quality of vocational education and training,
- guaranteeing—in the interest of a coherent VET structure—the cooperation between its company-based and school-based elements. Moreover, the committee has to ensure that vocational education and training is taken into account in the reorganisation and further development of the school system (§ 83 BBiG).

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<sup>8</sup>The information in this paragraph is taken from the comprehensive PhD thesis of Sonja Baron, *Das Duale Ausbildungssystem unter dem Einfluß der EU-Bildungspolitik. Entwicklungsprozesse und Herausforderungen*, VdM Verlag Dr. Müller, 2013.



In other words, the State Committee represents a regional joint platform for the VET players and their stakeholders at state level. In addition to their participation in the Vocational Training Committee and the Regional Committee, the social partners (trade unions and employer organizations) take on other tasks on the company level. For example, the Works Constitution Act ('Betriebsverfassungsgesetz') and the Personnel Representation Act ('Personalvertretungsgesetz') confer social partners with extensive rights of co-determination in the implementation of vocational training. For that purpose, the 'Youth and Trainee Representative Body' was set up to represent the interests of trainees under certain conditions: f.e. to monitor compliance with the applicable laws, ordinances, accident prevention regulations, collective agreements and works agreements (Sect. 60 § 1 No. 2 BetrVG). Summing up, the social partners—trade unions as well as employer associations—are also involved in curriculum development and coordination.

School-based dual VET elements are the responsibility of the respective federal states (Bundesländer). Within the framework of the Standing Conference of the Ministers of Education and Cultural Affairs of the States (KMK), the Ministers of Education and Cultural Affairs of the individual states exchange views on the organisation of vocational education and training and, if necessary, coordinate their activities. The KMK thus represents a coordinating body of the federal states. Its permanent secretariat assumes further tasks in vocational education and training. According to the information on the KMK website, these include, for example

- information on developments in the field of vocational education and training;
- development of framework curricula and coordination with training regulations;
- development of complementary offers for initial vocational training at vocational schools, coordination of offers and identification of needs;
- development of agreements on mutual recognition of diplomas and entitlements to access higher education through vocational training;
- development of additional labour market offers for higher performers, for European qualifications and for foreign languages.

Moreover, in the concert of different obligations and responsibilities for the dual VET system, the federal Institute for VET (BIBB) has to be mentioned as an important player. This is a federal institution under public law that has legal capacity and is based in Bonn (Sec. 89 BBiG). In principle, it carries out its tasks within the framework of the Federal Government's education policy. The tasks assigned to it in § 90 (2) and (3) of the BBiG include

- scientific research on vocational education and training research;
- preparation of training regulations;
- writing the annual report of the Federal Ministry of Education and Research (BMBF) and the implementation of vocational education and training statistics;
- participating in international cooperation in vocational education and training.

The President and the Board form BIBB's executive bodies. The Board is made up of equal numbers of representatives from employers, employees (trade unions), the federal states and the federal government.

Through their involvement in BIBB, *the associations and trade unions are provided with regulatory tasks that otherwise can only be performed by state institutions*. However, the overall involvement of interest organisations described above has several advantages:

- the active involvement of the social partners is intended to achieve self-commitment to the objectives or agreements;
- their expertise is used, and the state is relieved of the difficult tasks of finding compromises and building consensus;
- for that purpose, however, the government must hand over political powers to the associations and offer them incentives for cooperation.

Moreover, the broad involvement of partners in the design of the dual VET system contributes to the improvement of the quality of training. The complex system of representation in the dual VET system also guarantees nationwide uniform standards and ensures quality. Due to the distribution of responsibilities and the established control and safety systems, dual vocational training is also of high quality by European and international standards.

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## The Dual VET System: The Role of the Chambers

Summing-up, what is the Chamber's role in the dual system of vocational education and training?

- (1) As seen above, together with the Committee for Vocational Education and Training on the State level, the Chamber's Vocational Training Committees play a crucial role in the complex process of defining the dual system's educational schemes. Currently, more than 330 schemes are taught in the German VET system. In the complex process of maintaining and adapting existing programs, the chambers abolish outdated and shrinking ones and form or substantially redefine new ones—according to changing technologies or processes in the companies. Moreover, chambers play an important coordinative role; as they cooperate with business associations, unions, governmental organizations etc. in a complex network.
- (2) In this context, chambers represent and organise the multifaceted interests of the business sector. That is why their role as a public organization is so crucial. A private club or NGO could not qualify for partnering with a state government on equal footing in sovereign tasks as important as defining vocational educational schemes. Likewise, as a mere lobby group of their member firms,

chambers could not maintain the right to full representation of the business sector in that process. Rather, defining educational schemes in the public-school system represents an important function, which regularly triggers important political conflicts. Hence, the status of the chamber of commerce as a public law organization is essential for its legitimation in order to officially take part in that process.

- (3) The regional chambers cooperate with the VET Committees, the Federal Institute for Vocational Education and Training (BIBB) in order to coordinate the process of defining and adapting the dual system's educational schemes. This important maintenance and innovation process requires access to internal company information from different sectors. The chamber can legitimately execute that information transfer because it represents an elected self-administrative instrument of its member companies.
- (4) Moreover, together with the ministry of education the chambers also have to guarantee the quality of educational processes in the training companies. Chambers organize the registration of the educational contracts between companies and the apprentice's plan, organize and execute intermediate and final examinations—mostly in their own chamber buildings—, guarantee the certification of the apprenticeship diplomas, coordinate and mediate the cooperation of company members with the vocational school etc. Moreover, regular controls of apprenticeship practice take place. If gross violations are found, the chambers can even revoke the training permit.
- (5) Last but not least, the chambers also recruit the staff for the final examinations. For that purpose, entrepreneurs, managers but also employee representatives volunteer in chamber-of-commerce examination committees; in Germany, regularly several 100 000 hours of voluntary work are done here every year.

The last point especially exemplifies the mediating role of the chambers in the Social Market Economy. Obligatory membership in a chamber reminds the manager/entrepreneur to go beyond their legitimate commercial interests. In the context of the Social Market Economy, they are also supposed to keep an eye on the common good of her/his social environment. Subsequently, chambers also help to trigger, support and channel corresponding citizenship engagement of businesses. Therefore, *obligatory membership very tangibly represents entrepreneurial co-responsibility*—as an expression of 'business sustainability'. This already finds a clear expression in the governance structure of the chambers themselves—as an entrepreneur serves as the Chamber President on a voluntary basis and members volunteer their time on many time-consuming committees. Moreover, the constant engagement of chamber volunteers on the dual VET system's examination committees represents another strong expression of the underlying entrepreneurial ethos—strongly differentiating the German 'coordinated capitalism' from the British or American 'liberal capitalism'.

## **Self-administration and ‘Indirect Public Administration’: Core Elements of Social Market Economy**

### **Chambers as Instruments of Indirect Public Administration**

The Central European chamber system—similar institutions that exist in other countries such as Austria, Switzerland, parts of northern Italy and parts of France—can be seen as a prominent example of subsidiary, self-governing structures. In addition to chambers of commerce and industry, there are also other professional institutions such as chambers of crafts, chambers of doctors, dentists, pharmacists, bar associations, chambers of agriculture, etc. They all represent self-governing structures called *indirect state administration* (“mittelbare Staatsverwaltung”). This principle implies that governments—both national and state—do not always exercise their administrative function directly; rather, they control and govern indirectly through subordinate self-governing bodies, often constituted as public law corporations.

In the context of the German system of ‘Social Market Economy’ self-administrative bodies and indirect state administration play an important role. Both limits government officials to a purely supervisory and regulatory function, which is a reaction to the lessons of 20th century German history. More specifically, party-dominated and ideology-driven governments prevailed in both communist East Germany (1949–1990) and Nazi Germany (1933–1945). They systematically dictated their will and overruled “practically wise” decision-making. In the context of the social market economy, on the other hand, it is no longer up to politicians or ministerial officials to decide about many aspects of business-related, academic, medical, legal, regional or cultural issues of society. Rather, it is delegated to the organized self-administration of professionals from their respective areas. They have to decide autonomously and according to the standards, they have developed themselves. Hence, the Social Market System empowers independent and fact-/problem-based decision-making beyond mere ‘political correctness’. Thereby, also organisational and administrative continuity across changing governments is guaranteed and the scope for decision-making and participation of professional experts is opened up.

Subsidiary self-administration represents a crucial, but nevertheless hidden and even forgotten aspect of the enduring economic and cultural success of the German socio-economic system. It relies on the trustworthiness of local knowledge, cultural autonomy and sound judgement in the context of regional or professional institutions. It thereby empowers

- Problem-orientated debates searching for pragmatic solutions;
- Adaptive learning, which generates new solutions in a critical trial-and-error-process;
- Incremental innovations, which are embedded in local cultures and practices;

- ‘Practical Wisdom’ of local decision making, which is aware of its responsibility towards the common good.

On the contrary, however, there are of course also challenges connected with such an approach:

- Structural conservatism may hinder innovation, especially if it threatens the socio-economic position of local powerholders;
- Self-administration may avoid effective supervision of agreed-upon rules, especially if the latter collides with the interests of powerful groups or individuals;
- More generally, powerful families or groups may abuse self-administrative freedom for their own particular interests;
- Necessary changes may overstretch the power of self-administrative bodies.

Therefore, subsidiarity should be executed in the spirit of regulatory goals such as solidarity aid for weaker groups and individuals, respect of personal dignity and the orientation towards the common good of the region or nation. Obligatory membership of entrepreneurs in the (public) chambers—in contrast to the club model of private Chambers—clearly sets the scene for an orientation towards public goals.

In this respect, the subsidiary structures of “organised self-government” differ substantially from market exchange relationships. Chambers should certainly strive to create value for their member companies; however, they must never be perceived exclusively as pure service providers for them. Rather, as organs of self-government, they also have to *critically control* the behaviour of their member companies and check whether they actually comply with the basic professional rules. Specifically, in the area of dual VET, the chamber representatives must make sure that the factual content of company-based training actually corresponds to the defined framework given to the trainees. Furthermore, they should regularly check that the personal rights of the trainees are respected—thereby also safeguarding the reputation of the dual VET system as a whole. Preventing a member from neglecting its training mandate thus protects the long-term interests of the member company from its short-term failures. With the strong emphasis on the service function of chambers for their members in the liberal 1990s, however, this genuine compliance function of self-governing bodies was neglected—and their social role both internally and externally blurred. Thus, if self-governing bodies such as chambers are only perceived as mere lobby organisations for their members (from the outside) or as mere service providers (from the inside), central aspects of their public role are lost. Properly understood, chambers go substantially beyond the scope of their members’ short-term interests.

## Self-administration in the Labour Market, Health Care and Social Sector

An important field of application is the institutional organisation of labour relations and labour law. Here, self-government and the neutrality of the state guarantee peaceful industrial relations and an innovative dynamic of product and service development. Self-governance in industrial relations looks back on a long tradition in German history: As early as November 1918—at the end of the First World War—the Stinnes-Legien Treaty was signed, which was the first document of mutual recognition of trade unions and employers' associations and the initial document of a tradition of social partnership. Stinnes-Legien and beyond created tripartite institutions between representatives of workers/trade unions, employers' associations and the government. They subsequently played an important role in the German labour market system. For example, the Federal Employment Agency maintains a nationwide network of local employment offices. It is responsible for the payment of unemployment benefits, active labour promotion benefits, promotion of vocational training, certain types of social benefits, etc., with around 100,000 employees (2018). The Agency's Administrative Board is the central governing body of the Agency: it consists of seven volunteers representing employees/trade unions, employers and public bodies. The Governing Board supervises and advises the Executive Board, takes note of the Agency's budget and approves the annual report. In its tripartite composition, it represents the character of the Federal Agency as a self-governing body.

Subsidiarity also plays an important role in the wage-setting process in the German economy. The so-called autonomy of collective bargaining, i.e. the free negotiation of salaries of public and private sector workers employed according to statutory pay scales, is even enshrined in Article 9 of the German Basic Law. Its most important consequence is that politics should not interfere in the highly regulated process of free wage setting—for example by preventing strikes and lockouts. Rather, this process is organised and carried out autonomously by trade unions and workers' associations at the regional level—according to the legal requirements of collective bargaining law.

Moreover, on a corporate level, self-administrative elements found their way into labour relations' governance structures. Co-determination rights of the worker's council were also drafted as early as 1920—but found themselves reorganized only during the 1950s.<sup>9</sup> Subsequently, works councils could be established in every

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<sup>9</sup>The works council law was drafted as early as 1920 with active participation of Catholic social scientists like Prof. Goetz Briefs but was abolished by the Nazi Government in 1934. In 1952, the Works Council Constitution Act came into force, which, in the tradition of the Weimar Works Council Act, regulates extensive information, consultation and co-determination rights of the works council. It prescribes "trusting cooperation" between management and the works council. In addition, it also contained provisions on corporate co-determination in the supervisory board of corporations; see Teuteberg, H. J. (1961): *Geschichte der Industriellen Mitbestimmung in Deutschland. Ursprung und Entwicklung ihrer Vorläufer im Denken und in der Wirklichkeit des 19. Jahrhunderts*, Tübingen, Mohr, 1961.

company larger than five permanent employees entitled to vote. The costs of the works council's activities must be borne by the employer—including training and work leave (in companies with more than 200 employees, the shop chairmen have to be completely exempted from work). Moreover, works councils possess important co-determination rights for enforcing labour regulations or during the recruitment process. Correspondingly, if those rights are violated, the shop chairman/woman can sue the management in public labour courts: the tri-partite structure of the German labour governance institutions becomes manifest, here. Even if only about one-third of companies are effectively endowed with a works council, the mere existence of those participatory institutions plays an important role in relatively peaceful and constructive labour relations. Moreover, the institutional empowerment of workers via works councils and other institutions corresponds with the existence of strong and professional unions, which cooperate under the roof of the German Federation of Trade Unions (DGB). Consequently, professional and self-reliant union representatives in a tripartite governance structure cooperate with employer's representatives also in corporate governance committees (*Aufsichtsrat*) of the large stock listed companies.

Summing-up, German labour law does not primarily rely on detailed legal rules and regulations only; rather subsidiary structures of self-administration and autonomous conflict regulation—empowered by a system of public labour courts—play an important role. One important implication of such a subsidiary framework is that company representatives and HR departments have to develop a *cooperative leadership style*—namely in their own interest. Subsidiary social institutions subsequently trigger the emergence of a respectful corporate culture and support the consolidation of a corresponding professional ethos of leaders. For example, an HR manager who wants to climb-up the career ladder in a co-determination company will have to successfully interact with labour representatives in the works council. This of course also includes an awareness for regional consequences of corporate decisions—for example on workers and their families. Practical wisdom often prevails within committees of self-administration, because social partners—more than politicians in federal ministries—are interested in pragmatic and problem-oriented decision-making.

#### **Practical Wisdom—Innovations and Solidarity**

Practical wisdom embodied in self-administrative governance structures may also bring about important innovations. For example, during the early 2000s social partners in wage-negotiating-committees crafted a system of 'working hours accounts'. They enabled workers to 'save' overtime work hours in boom times and 'un-save' them later on or in times of economic crisis. Subsequently, the tri-partite labour governance structure mentioned above triggered a political process, in which the result of the locally developed model developed into a standard element of the German labour law system. Some years later, when the global financial crisis hit in 2008, this flexible organizational element decisively increased employer's room for manoeuvre.

For example, many SMEs kept their staff in employment even in situations, in which they had lost up to 50% of their turnover on global markets! On the empty German labour market, they knew that—once their workers had been laid-off—they would never find so experienced and dedicated specialists again. The ‘work hour accounts’ enabled them to bridge a few months paying the salaries without having any returns from international sales. Of course, when the crisis persisted during late 2008 and 2009, they also had to put their private money to work. When the crisis was finally over in 2010, however, those companies were the first to satisfy the quickly rising global demand, because they still had their staff on board. Thus, an ethos of pragmatism and solidarity (*Practical Wisdom*) nurtured in the context of self-administrative institutions had fostered the emergence of labour market structures, which helped many companies to successfully manoeuvre through the crisis. Moreover, the experience of having mastered the crisis together strongly reinforced the spirit of solidarity among entrepreneurs and employees in the German ‘Mittelstand’ for the upcoming years.

Other areas for the application of subsidiary self-administrative structures within the German society are welfare and social policy. More concretely, the majority of German citizens are subject to statutory insurance obligations—ranging from health care, old-age, long-term care insurance to car, fire insurance, professional and private liability insurance etc. Self-administrative elements guarantee a balance of interest of insured people, their employers and the government. A tangible consequence of this kind of self-administration is social elections, in which the representatives of the different groups are appointed. Elected people volunteer in influencing the direction and policies of the insurance organizations. Even in the organization of hospitals, day-care-centres, retirement homes etc., the government does not take over directly rather it defines rules and delegates the operational responsibility to independent welfare associations with ideological roots (Caritas of Catholic Church, Diakonia of Protestant Churches, Worker’s Welfare of the Labour Movement, German Red Cross etc.) which build up and maintain organizational structures in their own responsibility and according to their own rules.

Furthermore, similar structures exist in the health care system. Here, representatives of health insurance, hospitals and general practitioners negotiate with each other regarding the framework conditions of the healthcare system and regularly adapt them to new circumstances. For example, an important institution in that respect is the ‘Joint Federal Committee’ (‘Gemeinsamer Bundesausschuss, GBA’): the supreme decision-making body of the self-administration of doctors, dentists, psychotherapists, hospitals and health insurance funds. The GBA determines the benefits catalogue of the statutory health insurance (Gesetzliche Krankenversicherung, GKV) for more than 70 million compulsorily insured persons in the form of guidelines. *It therefore determines which medical care services are reimbursed by the statutory health insurances and which are not.* This



extremely important decision with enormous financial consequences is made by the 13 members of the commission, of which 5 represent the service providers (German Hospital Society, DKG, as well as the National Association of Statutory Health Insurance Physicians, KBV) and one represents the National Association of Statutory Health Insurance Dentists (KZBV)). The other 5 representatives are nominated from the service demand side, represented by the umbrella organization of statutory health insurers. Moreover, three impartial members are jointly nominated: they must not have been employed in organizations of service providers nor in organizations of service users during the last year preceding their appointment. Subsequently once the GBA is constituted, federal state ministries and the national ministry for health limit themselves to setting the scene and controlling the proper execution of the legal obligations of subsidiary self-governing organizations.

### **Regional Self-administration in Autonomous Municipalities, Cultural and Academic Sector**

Self-administration rights of local, regional and state-level bodies are laid down in Art. 28 of the German Constitution and in many Federal State Constitutions. The financial and administrative autonomy of municipalities and municipal associations guaranteed by constitutional law cover the right to fix their own communal fees, autonomous planning and hiring as well as fixing their own statutory law. If these rights are violated, representatives can sue upper-level representatives in the Federal Constitutional Court. Communal bodies organize their own democratic elections in Germany. Elected majors are independent heads of their local administration and are not subject to the authority of the Prime Minister of their federal state (Bundesland) or even of the Chancellor of the Federal Republic. Rather they decide independently in their realm—as long as no higher-level issues are concerned.

In a similar way, academic research and public education are also structured in autonomous self-administrative decision processes. For example, important decisions are made in self-administrative research organizations like the German Research Foundation (DFG), the Leibniz-, Fraunhofer- and Max-Planck-Society, in self-administrative peer review and evaluation procedures, etc. Political funders from ministries or administrations may determine the overall topics of certain research projects; however, they are not supposed to intervene concretely in the selection process of certain projects, make executive research decisions or manipulate the results. Universities administer themselves via elections for the academic senate, the faculty councils, the university council as well as different commissions. Professors are endowed with freedom of research and education—implying that they can follow their own research agenda and are not subject to any external demands. Education policy is a matter of the federal states in which the central government is not supposed to intervene directly.

Even public broadcasting organizations possess a constitutionally guaranteed freedom, which grants them independence from political parties and government

authorities with regards to their reports and editorial contributions. A Broadcasting Board monitors compliance with the statutory broadcasting mandate. In addition, the Broadcasting Board guarantees the openness of access to the program of the public broadcasters for various socially relevant groups in accordance with the diversity assurance concept devised by the legislator. Indeed, the Broadcasting Board does not determine the program planning directly, which is the responsibility of the Director-General. However, the Broadcasting Board advises the director with regard to program planning. It is composed of members of various associations listed in the respective Interstate Broadcasting Treaty. These include, for example, trade unions, women's associations, churches, journalists, independent charities, the German Association of Cities and Municipalities, the German Sports Federation, environmental organisations, cultural organisations, parliamentary groups etc. Moreover, delegates from different public bodies—from the Federal Government, the Federal States to local administrations, are members but should not form the majority. Represented groups and organizations choose their representatives independently and according to their own statutory rules so that the Broadcasting Council represents a cross-section of the population.

Finally, churches and religious communities possess a right to self-determination in Germany—as they are not as such part of the self-administration of the state. In order to protect their autonomy, however, even churches are in many cases constituted as public-law organizations. Their autonomy includes the right to autonomous hiring as well as the right to establish their own statutes—as long as they are in accordance with general principles of law, such as human rights or non-discrimination. Similar subsidiary self-administrative structures exist in the jurisdiction but also in unusual areas such as hunting associations, fire brigade associations etc.

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## **Conclusion: What Could Be Learned from the German Experience?**

This article started with the—initially rather improbable—economic success of (West) Germany after the Second World War. More specifically, neither an ominous 'German nature' nor external support sufficiently explains this sustainable growth over decades. Rather, more important was the institutional framework of the Social Market Economy, which gradually emerged from the 1950s onwards. Economic policies of Social Market Economy systematically focussed on small and medium-sized family enterprises—endowing them *inter alia* with sources of local finance as well as excellent structures of dual VET. In particular, Public-law chambers with obligatory membership enabled German (and Central European) companies to overcome a cooperation dilemma and establish a sophisticated structure of cooperation in professional education.

Beyond Central Europe, however, many entrepreneurs around the globe still find it impossible to organize comparable structures of a comprehensive professional education system. What could they learn from the German case study in a more general perspective?

## **Valuing the Wisdom of Practical Elites**

In a decades-long process, a public chamber and self-government system has emerged: Here, the spirit of civic engagement and professional identity is continuously brought forth and nurtured. This organisational structure—and especially the independent consultation and “practical wisdom” embedded in it—can tame regulatory frenzy and ideological zeal. It should enable independent and informed decision-making: The “wisdom of practitioners”. Even though this goal is a generally accepted principle among the German public, it is also repeatedly challenged by political actors when it prevents them from achieving their political goals. Admittedly, the decision-making processes of self-governance are cumbersome and prevent quick and personalised initiatives and actions; they are based on regular and “wise” decisions by professional practitioners rather than on spectacular political interventions with high visibility. On the other hand, they usually follow participatory rules and are therefore regularly at odds with the interests of powerful elites. By setting and continuously improving certain institutional standards, they enable collective learning and a gradual professionalisation of processes.

## **Building on Existing Networks of ‘Social Capital’**

As seen above, the special circumstances of German history led to a public chamber system after 1949 with compulsory memberships and contributions for every German entrepreneur. As a result, the chambers emerged as strong self-governing public institutions. The existence of these structures subsequently enabled further reforms, which step by step gave rise to the dual VET system that exists today. Economists speak of “path dependency” in this context. The German VET system cannot therefore be understood without the institutional framework that supports it: chambers, but also employers’ associations and trade unions, research institutions etc. are the most important elements here. As seen above, without these structures a “prisoner’s dilemma” situation can easily arise between the various companies involved. They might fear that investing in the further training of their employees will lead to the well-trained employee being poached by a competitor who has saved corresponding costs and can therefore now entice them with a higher salary. Moreover, if all potential partners fear such exploitation, a cooperation will never come about, even if it would have been beneficial for the entire region.

In summary, this means that the dual VET system is difficult to reproduce in a context without corresponding structures. But what could be done? Implementation would be most promising where traditions of successful cooperation between

different companies ('social capital') exist. Existing networks can then serve as a 'functional equivalent' for the structures we try to illustrate in this book. An exclusive partnership network that successfully trains and develops 'its' apprentices and embraces the positive outcomes of the training investment should be built. Then, in a second step, also bystanders can be convinced of the meaningfulness of the project as a whole. A culture of cooperation and identity building, as is strongly developed in many regional chambers in Germany, can then gradually emerge and spread to the entire region. In any case, corresponding bottom-up processes seem much more promising than a top-down political implementation that neglects the nuts and bolts of creating a lively culture: Wisdom can be destroyed quickly but is difficult to develop!

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# The Bridge Between Business and Politics—The CCIs and Their Normative Foundations

# 2

Gabriele Lüke, Ulrich Pfaffenberger, and Boris Gehlen

Before presenting the practical work done by the Chambers of Commerce and Industry in Germany based on the example of the CCI for Munich and Upper Bavaria, it is important to understand what CCIs are. This chapter is dedicated to explaining the idea and working principles of a Chamber of Commerce and Industry. To get the ball rolling, a general article will explain all the essential standards that parametrise CCI work. A key term in this context is compulsory membership. Thereafter, the key role of volunteering along with the central committees of CCI work is explained in detail: the general assembly, the regional committees as well as the specialist committees and working groups. The fact that CCIs have always been a brand and are now shaped by an explicitly defined brand identity that unites them all will be another focus of this chapter. An interview will lay out the brand identity in detail. Finally, we will delve into the history of the CCIs.

- This is the CCI—the normative foundations of CCI work
- Volunteering—putting yourself in the service of the economy
- General assembly—taking responsibility together
- CCI regional committees—ensuring a direct link to regional activity
- CCI specialist committees and working groups—tasked with co-formulating the content-related goals of CCI work

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G. Lüke (✉)

Konturprogramm—Unternehmenskommunikation, Munich, Germany  
e-mail: [g.lueke@konturprogramm.de](mailto:g.lueke@konturprogramm.de)

U. Pfaffenberger

Journalist, Pfaffing, Germany  
e-mail: [upf@ulrich-pfaffenberger.com](mailto:upf@ulrich-pfaffenberger.com)

B. Gehlen

History Department, Stuttgart University, Subdepartment for Business History, Stuttgart, Germany  
e-mail: [boris.gehlen@hi.uni-stuttgart.de](mailto:boris.gehlen@hi.uni-stuttgart.de)

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- Interview with Gerti Oswald: CCI brand identity across Germany—placing the honourable merchant at its centre
- Historical review—how the chambers arose and developed
- Interview with Dr. Eva Moser: Leap into the modern age—celebrating 175 years of CCI for Munich and Upper Bavaria
- Bavarian Business Archive—preserving the past for the present.

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## **This Is the CCI—The Normative Foundations of CCI Work**

*CCIs have developed over a number of centuries and boast many different histories—originating directly from entrepreneurship or at the initiative of a king, as is the case in Bavaria—but always acting as a bridge between the economy and the state or its political apparatus. The foundations upon which all CCI in Germany rest are based on the country’s CCI Act of 1956. It defines the normative foundations of CCI work.*

What is a chamber of commerce and industry? Based on what premise does it assert its right to exist? Who are its members? What are its tasks? In Germany, all this is enshrined in law—in its own legislation known as the CCI Act of 1956.

Essentially, it stipulates the following: In a democracy like that in Germany, individual sub-groups of a democratic society (or even its economy) can be granted the right and freedom to manage and represent themselves and to set their own rules. This is also the case with the nation’s CCIs. CCIs and their work thus enjoy democratic legitimacy.

Germany’s current 79 CCIs can only be established or dissolved by the state. These are classified as public bodies. Companies do not become members by voluntary decision, but by law. They are required to pay a membership fee for their membership. The law, which specifies the status and tasks attributed to the CCIs is the CCI Act (in German: “IHKG”). In Clause 1 of the CCI Act, its tasks are formulated as follows:

The Chambers of Commerce and Industry are tasked with... addressing the overall interests of their associated commercial entities in their districts, promoting the commercial economy and taking into account the economic interests of individual branches of industry or companies in a way that is both measured and balanced; in doing so, they bear particular responsibility for assisting and advising the authorities by means of submitting proposals, expert appraisals and reports and safeguarding the decency and manners that characterise the conduct of the honourable merchant.

It is from these lofty aspirations that the fundamentals of CCI work are derived.

*Here is a brief summary to begin with.*

## **CCIs as a Manifestation of Self-organisation and Self-responsibility Within the Economy**

The German Chambers of Commerce and Industry serve the self-organisation of the nation's economy. Legislators believe that business and the economy can service the needs and tasks that fall to them better and more efficiently than a government agency, which is why CCIs are well placed to implement business-related matters—a belief supported in no small way by the member firms' practical knowledge upon which all CCI depend. Self-organisation means, in specific terms: CCIs implement those business-related tasks delegated to them by the state, ultimately replacing those services rendered under the guise of government administration. In addition, the Chambers of Commerce and Industry strengthen and promote the economy through its many services regarding all questions arising from the life cycle of a company.

However, it is also an expression of self-organisation and, above all, of individual responsibility that the Chambers represent the interests of their associated industrial economy, as well as that of all companies irrespective of size or systemic relevance. This is managed through elected voluntary assemblies on the basis of democratic principles. They keep policy makers and government administration abreast of the interests and needs of companies and lobby for the interests of businesses in the political or administrative sphere. The possibilities for participation relate exclusively to economic issues and concerns. The operational remit pursued by CCIs does not involve the consideration of socio-political and labour law interests.

This structure transforms stakeholders into participants. At the same time, a win-win situation is created for both state and industry: The state is able to streamline its structures while receiving information, support and advice by accessing the economy's expertise thanks to the CCIs. The economy becomes self-organising while receiving needs-oriented services, information and, above all, the possibilities of co-determination and conceptualisation from CCIs. As the official self-governing body of the regional economy, the Chamber can and must, where necessary, intervene against individual members who fail to comply with commonly agreed rules.

## **CCIs as a Manifestation of Democratic Participation and a Democratic Society**

The principle of CCIs representing interests is, simultaneously, a key expression of democracy and freedom. The legislature has enshrined democratic principles in the economy in the form of the CCI Act, thereby strengthening and promoting the democratisation of society as a whole. The economy receives no patronage and is not subjected to the legislature's requirements; on the contrary: Through the work of the CCIs, the economy determines and shapes its own framework conditions, it maintains an effective say with regard to economic conditions and it forms part of

the democratic decision-making process, as will be shown repeatedly in the course of this book. The CCI is also democratically structured within itself and selects its committees according to democratic principles. Each CCI member regardless of size enjoys the right (but not the obligation) to co-determine matters at hand, and it may (but is not obligated to) participate in the decision-making process of the CCI.

The following applies: In order for the general representation of interests to be representative in nature, compulsory membership is essential. Or, to put it the other way around: Without compulsory membership, the general representation of interests would not be possible. In view of the fact that compulsory membership affects all companies within a CCI's region, the general representation of interests is established, thus preventing a situation whereby interests are only represented on a selective, one-sided or otherwise biased basis. This structure distinguishes the CCI in Central Europe from a mere private association, such as the chamber organisations found in Anglo-Saxon countries. These are mere service providers for their members, who may demand a corresponding fee for their services.

### **CCIs as a Mirror of the German Constitution**

Furthermore, in their structures, the Chambers reflect the German understanding of the state and its fundamental principles—of representative democracy and the freedom of autonomous responsibility, federalism and the concepts of subsidiarity and solidarity.

Experts consider the CCI Act a modern law—it consists of only 15 paragraphs, its rules are not too constrictive and, above all, it establishes a clear framework. This facilitates creative freedom, and the implementation of legal tasks can be adapted to the changing times. The CCI principle is also compatible with European law. The Federal Constitutional Court (Bundesverfassungsgericht) has expressed its support for the current regional CCI system precisely because of a wave of increasing Europeanisation and globalisation.

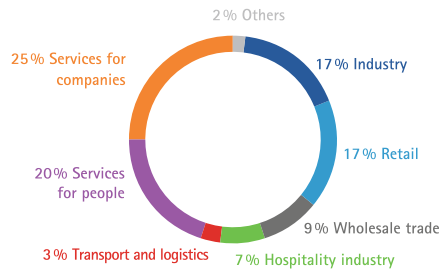
*The essential normative principles of Chamber work in detail.*

### **Statutory Membership**

Companies within a certain region become members of the regional CCI that bears responsibility for them, assuming that they fit with the definition set out under the CCI Act: Chamber members, therefore, are all natural persons, commercial companies, other pluralities of persons and legal entities under private and public law, to the extent that they are subject to trade tax and maintain a permanent establishment in the district of the respective Chamber of Commerce and Industry. The scope of membership also includes all natural persons and companies in the chamber district who exercise a freelance profession or who work in agriculture and forestry and are registered in the commercial register. Trade businesses, such as carpenters or



**Fig. 2.1** Bavarian companies represent a broad mix of industries



Source: Bavarian Chambers of Commerce and Industry, 2019

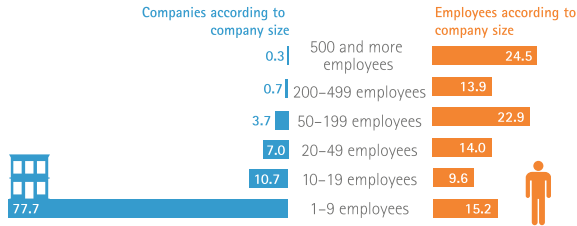
bakers, however, do not belong to the CCI, due to the fact that they have their own Chamber. The CCI for Munich and Upper Bavaria has roughly 390,000 members. In Germany, approximately 3.6 million companies are registered members of a CCI (see Fig. 2.1).

## Statutory Membership Fee

CCI membership is required by law and is (usually) accompanied by a membership fee. This fee is based on the commercial income or profit arising from the commercial enterprise of member companies. The amount of this compulsory fee is determined by the General Assembly, the highest body of a CCI elected by the business community (see below). The fact that a membership fee is charged enables CCIs to carry out their tasks, in particular, those linked to the general representation of interests. Membership fees mean that the CCIs remain independent, both financially and with regards to the representation of interests. The average CCI membership fee is based on the paying member companies and averages EUR 303 per year. The majority of start-ups and low-income companies are exempt from any obligation to contribute. On balance, roughly 40 per cent of companies nationwide are exempted from paying the membership fee. The CCIs are mandated to utilise the membership fees paid both carefully and efficiently. In addition to the fee itself, other fees may be charged for public tasks delegated by the state, as well as fees for certain services (see Fig. 2.2).

## Principle of Solidarity

The fees for the public tasks entrusted by the state serve to recover the costs associated with these tasks; services pertaining to the provision of information and initial consultation work are usually entirely cost-exempt. This means that CCIs always operate as mutually supportive groups: The membership fees—especially those paid by financially strong companies—benefit the entire commercial sector, and thus all existing members.



Source: Bavarian Chambers of Commerce and Industry, 2019

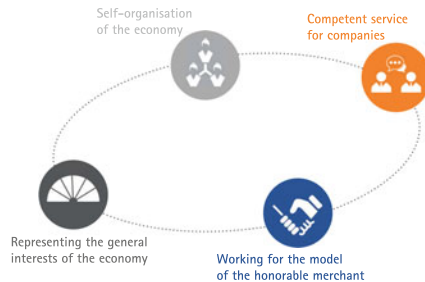
**Fig. 2.2** Almost 90% of Bavarian companies with employees have less than 19 employees, 66% have no employees at all

### Statutory Tasks

The essential tasks and statutory mandate of the CCIs have been set out in clause 1 of the CCI Act. This has resulted in four core tasks that underpin CCI work. In order to implement these tasks, the CCIs are bound by the rule of law, but may also establish their own rules and regulations. The statutory tasks in detail include (see Fig. 2.3):

- The general representation of interests in business and the economy:** The CCIs are committed to framework conditions that enable companies to grow sustainably. They represent the general interest of the commercial sector within legislative projects that impact on business and the economy, as well as within the scope of political decisions made anywhere from the municipal to the EU level. The general representation of interests is the key concept here: A CCI represents the so-called “one-man-band” as well as the corporation with several thousand employees—without making any distinction. Just because a company pays a higher membership fee or is more important to the region in question does not automatically impact on its position adopted by the CCI. In forming its opinion, the CCI is obligated to determine the positions and interests held by all its members, to weigh them up and to deliberate accordingly, before reaching a

**Fig. 2.3** Four central orders by the legislator—the four core tasks of each CCI



Source: Bavarian Chambers of Commerce and Industry

decision in its elected parliament. Everyone is entitled to get involved, to engage in general assemblies and committees, and to form a cross-industry network. A CCI must take into account the entire range of opinions within its membership ranks and, where necessary, also acknowledge minority positions. Legislators can also be sure that economic circumstances are properly reflected in a real—that is representative—way, and that a consolidated and balanced understanding of the interests pursued by all commercial players is given. The Chambers are required to adopt the highest possible degree of objectivity when formulating their statements of opinion or positions and must refrain from polemically exaggerated or otherwise emotional statements of conflict.

- **Economic self-organisation:** Depending on the method of counting, the state has assigned some 78 public tasks to the CCIs, which—as organisations of entrepreneurship—are better acquainted with the needs of the economy, and can render said tasks more efficiently and in a more customer-oriented manner than state authorities. The state utilises this economic expertise concerning tasks that affect the economy itself. The CCIs thus form part of the state’s structure and exercise executive power. Public tasks entrusted by the state include, e.g. the granting of commercial licenses, the registration of vocational training establishments, the issuance of training certificates, as well as operating an examination apparatus to meet vocational education and training needs. In doing so, the CCIs are subject to the statutory supervision of the ministries of economics within the federal states.
- **Supporting and promoting companies with service:** CCIs are also service providers for companies. They inform and advise (i.e. initial consultation work) their members on all economic topics such as vocational training and further education, securing skilled labour or expanding into new markets. In doing so, they connect companies with each other via a host of different platforms—be it events, webinars, workshops and so on—as well as with the relevant stakeholders, e.g. in politics. At the same time, both those public tasks assigned by the state and the promotion of business help to strengthen the representation of interests. By shouldering responsibility for the implementation of these public functions and services, the Chambers of Commerce and Industry also unearth what is going on in the commercial sector and, in turn, can introduce this to the political sphere as part of its general representation of interests—following a process of consultation and a resolution by the general assembly.
- **Furthering the cause of the honourable merchant:** The apparatus supporting all CCI work and the economic activity of Chamber members are aligned with the constant endeavour to further the cause of the honourable merchant. Furthering the cause of the honourable merchant is understood by the CCIs as a cross-sectional task that pervades all other core tasks. Economic action should, therefore, be economically, ecologically and socially sustainable: The CCIs are committed to the model of the honourable merchant and actively promote the concepts of fairness and sustainability within business life; they also make their own (and other statutory regulations) transparent and adopt a role model stance

in everything they do. This is also reflected in the new brand identity embraced by Germany's CCIs—"Together we take responsibility".

## **Principle of Regionality**

A chamber of commerce and industry is subject to the principle of regionality and thus also reflects German federalism. The implementation of legal tasks and the representation of interests essentially relates to a specific region: the chamber district or "Kammerbezirk". The CCI for Munich and Upper Bavaria comprises the state capital of Munich and the region of Upper Bavaria. But the Chambers also work together across the different districts. The chambers of commerce and industry at the state level are grouped together—this is known in Bavaria as the Association of Bavarian Chambers of Commerce and Industry—and at the national level, this is known as the Association of German Chambers of Commerce and Industry. These associations fall under the scope of private law.

## **Principle of Subsidiarity**

The principle of regionality is closely associated with the principle of subsidiarity. This principle, which is typical and time-tested for federations such as the Federal Republic of Germany, does not centralise state tasks but rather delegates them to lower state levels. In doing so, it is always the lowest level that solves a task first. This also happens when the state delegates tasks to the CCIs.

## **Economic Activity of the Chambers**

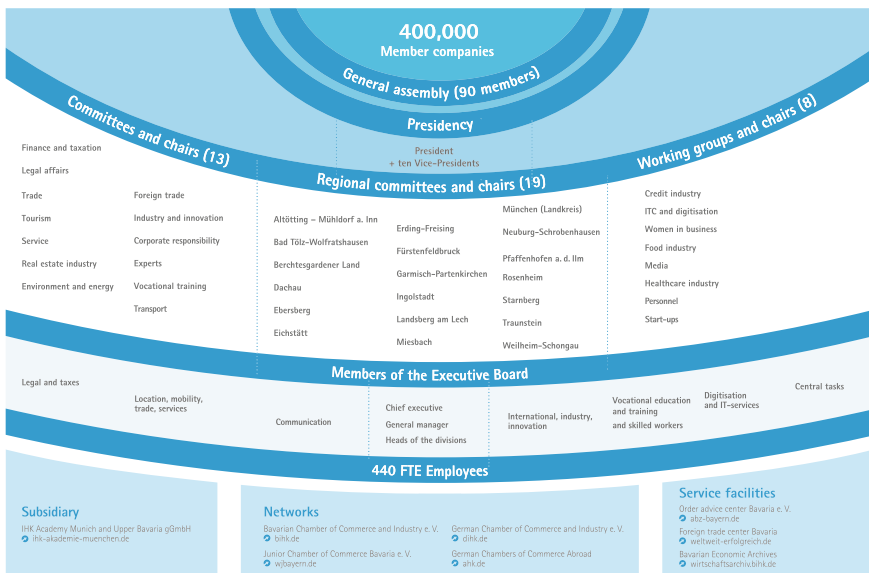
The CCI Act allows chambers of commerce and industry to establish, maintain and assist institutions and facilities in the promotion of the commercial sector or specific branches of industry. A prerequisite is always a resolution by the general assembly.

## **Organisational Structure of the CCIs—Primary and Voluntary Offices**

The statutory mandate entrusted to the CCIs is implemented by the so-called primary offices (in German: "IHK-Hauptamt")—consisting of employees—which work together with the voluntary offices (in German: "IHK-Ehrenamt")—who act as company representatives. In Munich and Upper Bavaria, more than 12,000 individuals from business are involved in (and for) the CCI—always acting on a voluntary basis, that is, without remuneration. They work as examiners in education and training or as assessors, for example, on the Arbitration Committee for

Competition Disputes, where they contribute to the success of the business region as a whole. Furthermore, these entrepreneurs share their insight on various CCI expert committees and represent the business community at the CCI general assembly and on its regional committees. Simultaneously, the CCI for Munich and Upper Bavaria employs roughly 500 full-time staff and advisers in around 30 specialist departments, which fall under the direction of the Chief Executive. The Chief Executive, together with the elected, honorary President, represents the Chamber of Commerce and Industry in all legal and judicial capacities, as well as externally vis-a-vis the political sphere and administration. Using the example of the CCI for Munich and Upper Bavaria, the organisational structure behind the CCI can be clarified as follows (see Fig. 2.4).

- General assembly:** The general assembly (in German: “Vollversammlung”) is the highest decision-making body of the Chambers of Commerce and Industry and represents the businesses within the chamber district. It defines, among other things, the guidelines that steer all CCI work, it determines the budget and membership fees, it advises on (and reaches decisions concerning) its political positions and it appoints the Chief Executive. The near-90 members of the general assembly are elected every five years by CCI members in a democratic election, and ultimately mirror the economic structure in place in the chamber district.



Source: CCI for Munich and Upper Bavaria

**Fig. 2.4** How the CCIs are structured—the example of the CCI for Munich and Upper Bavaria

- **Steering committees:** The general assembly elects one president and up to ten vice-presidents from among its members.
- **Regional committees:** Together with the general assembly, the regional committees are then elected. There are 19 regional committees in the CCI for Munich and Upper Bavaria, which are largely identical to the districts of Upper Bavaria and manage the interests and needs of those companies located within these respective areas. The work is undertaken by the regional committees also feeds into the general assembly and work of the primary office.
- **Specialist committees and working groups:** In its work—and in particular with regard to its political positioning—the general assembly is currently advised by 13 specialist committees. In addition, there are working groups—such as the working group entitled “Women in Business”.
- **Primary office:** In Munich and Upper Bavaria, nearly 500 employees work under the aegis of a Chief Executive and a deputy at a so-called primary office (in German: “Hauptamt”). The Chief Executive is appointed by the general assembly. The primary office implements all state-mandated public functions and services and facilitates preparations relating to all political positioning. This takes place in detailed coordination with the honorary office.
- **Regional offices:** The chamber district of Munich and Upper Bavaria is very large; companies had to go to great lengths in order to take advantage of the services of the CCI in Munich. In light of this, five regional offices have been set up outside Munich since 2011. They render services and fulfil public tasks delegated by the state while also strengthening the representation of those interests of the regional committees in the political sphere.

## Guidelines for Political Work

The general representation of interests is one of the central tasks undertaken by any CCI; above all, this legitimises the concepts of compulsory membership and payment of a membership fee. The representation of interests is value-oriented in nature and is based on the mission statement underpinning the notion of the honourable merchant. The Chamber of Commerce and Industry for Munich and Upper Bavaria has also drawn up economic policy guidelines to shape its political work, which is decided upon by each new general assembly following every election. They act as an important source of orientation when formulating positions. The current economic policy guidelines of the CCI Munich are as follows:

- **We are committed to free and fair competition**

Free and fair competition is the universal organising principle of the economy. European integration and its open internal markets are prerequisites for this. Competition increases the innovative power of the economy and ensures fair pricing. Conditions for a free and fair competition include freely electable pricing, free access to the market and transparency.

- **We embody the values of the honourable merchant**

We rely on the voluntary nature and the conviction of companies to align their entrepreneurial activities with the model of the honourable merchant. An integral part of this commitment is that companies assume social responsibility: opportunities to profit and bear risk go hand in hand.

- **We are committed to an efficient and effective state**

A functioning social market economy provides the best framework for the sustainable development of Upper Bavaria's economy. The regulatory task of the state is to establish a regulatory framework within which economic processes can take place efficiently. This regulatory framework should be based on the following characteristics: It should strengthen ownership and increase equity, strengthen the self-organising capacity of the economy, reduce over-regulation, embrace inter-generational equality and avoid distortions of competition attributable to state intervention.

**Box: Compulsory Membership—A Contradiction of Entrepreneurial Freedom?**

Compulsory membership and a membership fee—this may sound like a restriction of entrepreneurial freedom, even when considering everything that companies get back for it. And it has been interpreted as such on occasion. The Federal Constitutional Court in Karlsruhe, the highest court in Germany, issued its judgement on the matter dated 12 July 2017: Forms of intervention in the freedom of action for businesses as a result of the obligation to be a member of (and pay a membership fee to) the Chamber of Commerce and Industry are proportionate—as judged by Germany's most senior members of the judiciary. For the following reasons, among others:

- Compulsory fees and compulsory membership are based on a legitimate purpose: The Chambers fulfil those public tasks, which are linked with an increased interest of the wider community.
- The articulation of those concerns and interests shared by the local economy—in particular in relation to politics and administration—is, at the very least, achieved more successfully if businesses and companies themselves perform this task autonomously and all members are involved. Only compulsory membership ensures that all those affected in the region bring their interests to bear and are represented with expert skill.... When confronting the issues of Europeanisation and globalisation, it can be particularly important to emphasise district perspectives.
- The value of the work undertaken by the Chambers is not only derived from its independence from the state, but also from the integrity of the information, which is accessible to the Chambers within the scope of those circumstances to be assessed. Voluntary membership does not achieve this.

## **Volunteering—Putting Yourself in the Service of the Economy**

*Engaging on a voluntary basis with the CCI is something many entrepreneurs see as a matter of course: They want to take responsibility, to shape the economy and society in a value-oriented way and form the backbone of the CCI for its full-time employees, as well as take up the role of sparring partner.*

People work together to achieve goals that they see as valuable to everyone, while simultaneously subjugating their individual interests. They do so without compensation or the right to preferential treatment. They are all about the service underpinning the cause. This is how volunteering is defined in its best sense. Also, the CCIs thrive due to the honorary office and its members, who enthusiastically champion the cause of the economy without compensation, while applying an “outside of the box” mentality and not simply pursuing their own interests. Thus they shape the conditions for their region as well as further the values of the honourable merchant in the economy and society. In the Chamber of Commerce and Industry for Munich and Upper Bavaria alone, roughly 12,000 entrepreneurs embrace this mantra by acting as volunteers at general assemblies, in regional and specialist committees, working groups or as examiners during vocational training. In fact, their work is invaluable to the CCI. After all, who knows better about what matters in business and politics than those who bear responsibility in companies? On that basis—and only with the combined technical expertise and impulses offered by its volunteers—can a CCI

- address the concerns of its members in the realm of political discussion, communicate in the public sphere and therefore act as the authentic voice for the regional economy,
- fulfil those tasks assigned by the state—above all in vocational education and training,
- tailor its service offering to meet the challenges faced by companies, to advise them according to their needs and therefore act as service providers to the regional economy.

Simultaneously, the significant number of entrepreneurs involved in voluntary work for the CCI is also credible evidence that statutory membership is not understood as a burden—but rather as an invitation to cooperate and participate, to share knowledge and ideas and to work together in the advancement of shared interests.

### **Various Honorary Tasks**

The foundations of volunteer work are always rooted in the mission statement of the honourable merchant. In doing so, the honorary office and the primary office are



assisted by an operative force. The honorary office and primary office are allies and sparring partners in equal measure. Specifically, there are the following possibilities when looking to volunteer at a CCI:

- **Honorary work in the CCI general assembly:** A member of the general assembly can directly influence the work of the CCI, be it by helping to establish CCI guidelines on key economic policy issues, or shaping decisions on the use of funds, or helping reach consensus on the needs of the regional economy as a whole (see also the “General assembly” article in this chapter).
- **Volunteering in a regional committee:** A member of a regional committee actively advises local and regional politics and administration on all economic issues in their district. The positions are prepared in advance at joint meetings of the committee. In doing so, this honorary office becomes the ears and voice of the regional economy and takes responsibility for the development of the respective region (see also “Regional committees” article in this chapter).
- **Voluntary work in a committee or working group:** The specialist committees and working groups fulfil an advisory function to the general assembly, the steering committee(s) and the full-time decision-makers. In the committee meetings, the fundamental positions for the general assembly are principally developed. Every volunteer committee member has the opportunity to engage in discussion and the decision-making process, thereby actively shaping the framework conditions of the respective industry sector (see also the “Committees and working groups” article, Chaps. 2 and 7).
- **Honorary role as an examiner, honorary judge or assessor:** And last but not least, CCI members or their employees can volunteer to undertake the practical work of the CCI. With regard to exam invigilator work alone, 10,000 volunteer examiners in Munich and Upper Bavaria manage over 33,000 exams every year. At the same time, volunteers can also step into the roles of a commercial or financial judge or assessor on arbitration boards, which are tasked with resolving competitor litigation issues.

Just why these individuals volunteer is a question that is answered in portrait interviews and statements by the following entrepreneurs. They dedicate a significant portion of their time and good name to doing the work of the CCI.

## **Portrait: Georg Dettendorfer, Dettendorfer Spedition Ferntrans GmbH & Co. KG—understanding volunteering as part of entrepreneurial work**

**Georg Dettendorfer, Photo Credit: CCI for Munich and Upper Bavaria/Goran Gajanin\_Das Kraftbild**



“How do you find the time to do that, too?” This is a question from friends and colleagues that Georg Dettendorfer is confronted with again and again. What’s it all about? It is about his honorary involvement in the Chamber of Commerce and Industry for Munich and Upper Bavaria. Here, he is a member of the general assembly and serving Vice President. Both tasks cannot simply be done in passing, but rather are associated with a certain amount of effort. And the answer is always the same: “This is just as much a part of my job as entrepreneur as leading my company is”.

When measured in terms of a 40-hour week—something of an illusion for an entrepreneur either way—Dettendorfer modestly estimates the proportion of his volunteer work to be roughly five per cent. “That’s also the order of magnitude that I would recommend to others when they think about their personal volunteering efforts.” Ultimately, everyone must decide for themselves, depending on the possibilities afforded to them in their own company: “The work undertaken by the management board does not take care of itself. It requires acceptance by both colleagues and employees.”

Without placing any particular monetary value on the matter, the entrepreneur has found that the time invested in volunteering yields an excellent return—in the form of “credibility”. That is attributable “to the fact that those entrepreneurs who seek to advance a common cause without financial gain enjoy a great level of respect in politics and administration”, explains Dettendorfer. “The status is different compared to the work of paid lobbyists. Positions adopted by the CCI are awarded a higher priority, especially vis-a-vis individuals with policy-making responsibility, because we do not wish to assert (or lobby in favour of) any single interest.”

Another aspect that should not be underestimated, says the Managing Director of Johann Dettendorfer Spedition Ferntrans GmbH & Co. KG in Nussdorf am Inn, a family business with a long history, is the following: “With our face and our name, we promote the general interests of all companies in Upper Bavaria with absolute independence. This counts for plenty in our respective home region, but this also has a supra-regional effect.”

However, this is not automatically the case, but rather the result of ongoing development. Here, the parallels between Dettendorf’s company and the influence of his volunteer work are obvious.

Transport and logistics starts on a small scale, before sooner or later crossing borders and entering new markets. The family’s history can be traced back to 1166. Even then, their ancestors—mainly farmers, trans-alpine goods carriers known as “Samer” and inland mariners—were located in Nußdorf am Inn, where they managed transport operations to Vienna, Budapest and the Black Sea using inland vessels known as “Plätten”. Destinations that still form part of the company’s network (founded in 1825), albeit now with commercial goods vehicles.

In 2001, he was nominated as a candidate for the Chamber election, before being elected to the general assembly. From 2011 onwards—and meanwhile, in his second term—he has been a member of the CCI steering committee as its Vice President. He also contributes his industry expertise as Chairman of the transport committee of the CCI for Munich and Upper Bavaria, as well as acting in the same capacity, since 2017, for the transport committee of the Association of German Chambers of Commerce and Industry. In his roles on both committees, he is committed to advancing the causes of an efficient transport infrastructure—thereby representing not just the interests of the freight forwarding and logistics industry, but the economy as a whole, the performance of which is strongly influenced by such developments.

If you ask Dettendorfer about how voluntary work (and its underlying quality) in the chamber of commerce and industry has changed since he has been actively involved, he notes significant similarities with the development of society as a whole. Something that can be summarised by the term “progressive democratisation”. “There is more discussion on the expert panels and committees” he observes. “There is no longer a top-down approach, but rather a consistent and constructive way of discussing existing positions and objectives.” The growing number of external critics of the CCIs, for example, has been seen as an impulse to view its work from a more differentiated standpoint and to take a more assertive and professional approach to render the results of its work more visible in the public sphere. “Today, there is a much broader range of stakeholders who are interested in what we do and why we do it. We have recognised this and are responding to the demand with enhanced communication efforts.” Here, too, it is a big advantage that the CCI does not appear as an anonymous construct, but rather as a public-facing body with representatives from its primary office and its many volunteers, thereby giving a face to the information provided.

In addition to this expanded “output”, an awareness of valuable “input” from within its own ranks has also intensified. Dettendorfer refers to the CCI’s long tradition of securing a broad inflow of practical knowledge through its member companies. “Thanks to our broad range of volunteers, we have always managed to remain very close to the different topics that move the economy” says the entrepreneur. “This not only involves elected members of the assembly. This includes thousands of vocational training examiners who bring important insight into the latest technology and its application into everyday life at the Chamber of Commerce and Industry. Additionally, we have experts who enable us to represent ourselves vis-a-vis policy makers and administrators at any time and in any discipline of the economy with real competence.” Making this applied knowledge available to all members via the CCI—that is one of the biggest claims to success the organisation can indeed draw attention to. Especially given that, following on from his reference to the volunteer work of all those involved, this reduces the necessary effort to a minimum. Which, in turn “is then ideally suited to winning over new members for voluntary work”.

In his experience, the independence and neutrality of the CCI is one of the most valuable arguments to be presented to member companies: “On the one hand: A registered business with four employees counts just as much as the Public Corporation (AG) with 100,000 employees, and has access to exactly the same resources of the CCI. And on the other hand: “From the democratic structure of the General Assembly, we always make decisions for the benefit of the community of companies in Upper Bavaria, whereby cornerstones such as farsightedness and sustainability count for more than spectacular activism.” Qualities mean a great deal to Dettendorfer himself, which is why he invests his own energy in the work of the Chamber of Commerce and Industry. “It is worthwhile for everyone to take time out of their work. All efforts are geared towards solving problems and finding solutions. And you share in the knowledge and experience of all the others. This is social engagement in the best sense of the word.”

**Box: Dettendorfer Spedition Ferntrans GmbH & Co. KG**

Since its founding in 1825, the Dettendorfer Group has developed into an innovative full-service provider for freight forwarding services far beyond the borders of Europe—from transport, warehousing & logistics to ancillary services dedicated to the maintenance, care and safety of vehicles. The owner-managed family business with roughly 590 employees offers its customers a comprehensive service in the areas of transport, logistics and merchandise management: “As a reliable problem solver and strong partner, we create added value for our customers. They benefit from the resulting flexibility, flat hierarchies and value awareness that come with a healthy, medium-sized company”.

**In addition to Georg Dettendorfer, many other people are enthusiastically involved in the CCI for Munich and Upper Bavaria. Here are a few more statements:**

Over the course of time during which I have matured as an entrepreneur, the value of a chamber of commerce and industry and its work has become increasingly clear to me. Across all services and offers, this can best be summarised as “an expansive, well-founded source of information for everyday business life”. The consequence was logical: If this institution is so good, and it is at my side and is open to cooperating with entrepreneurs within a voluntary framework—then it is only right that I should also be involved. This means, among other things that you become aware of the quality and value of the primary office’s work. The support from the primary office is a strong motivation for volunteering in the first place. It is a motivation that goes beyond the understanding of the honourable merchant, who not only demands but also gives. In the sense of “asking what you can do for your country...”, volunteering at the CCI thus proves to be very political in the true meaning of the word—through citizens who actively participate in furthering the common good.

***Dr. Eberhard Sasse, Dr. Sasse AG, President of the Chamber of Commerce and Industry of Munich and Upper Bavaria, President of the Association of German Chambers of Commerce and Industry***

Even as a successor of my parents’ company, I was aware that, as a manager, you are not only at the top of a company. You become part of a community of responsibility and you learn that networking without having the business in the back of your mind also plays a key role. Following on from this impulse, I co-founded the Junior Chamber in our region, the association of tomorrow’s managers, known worldwide as the “Jaycees”. This led to the development of partnerships and sometimes even friendships, which continues to have an effect today: for example, in our regional committee, where we work together on a voluntary basis to benefit both our location and our economic region. Part of the successful cooperation between full-time and honorary positions is that we entrepreneurs see ourselves as playing a supporting role for the full-time employees at the CCI. We also simply need to be available when we are required and when we recognise that it is important in order to fulfil a common task. This is also the right benchmark for the time and energy invested in voluntary work: Just enough to ensure that tasks are fulfilled properly.

***Ingrid Obermeier-Osl, Franz Obermeier GmbH, Vice President of the CCI Munich and Upper Bavaria, Chairwoman of the CCI Regional Committee Altötting-Mühldorf, Chairwoman of the CCI Working Group “Women in Business”***

I appreciate the fact that volunteer work in the CCI is not treated according to the rule book. A lot has happened, especially recently, which is also connected to the fact that more women are represented in the general assembly and the committees—

women who have children, for example. The former norm of holding evening meetings was suddenly called into question: Meetings are no longer scheduled for after work in the executive's office, but in such a way that they are compatible with family life. If more changes are made in this direction, voluntary work in the CCI will become even more attractive for women in the future and their share among the candidates up for election will continue to increase. It is not the quota that will ultimately be decisive, but the new normal. We still have to work on that!

***Kathrin Wickenhäuser-Egger, Wickenhäuser & Egger AG, Vice President of the CCI Munich and Upper Bavaria, Chairwoman of the CCI Committee for Corporate Responsibility***

As an entrepreneur, it is natural for me to assume responsibility—this also includes social responsibility. On the one hand, I can do this in the company. For example, we recently took the decision to employ refugees at our Bavarian Flower Centre. But I can also demonstrate this responsibility in my voluntary work for the chamber of commerce and industry. Any recognition for this work is based on credibility: I am respected by contacts in politics and administration because I am voluntarily and gratuitously committed to the goals of the economy through the CCI. For many people here in the district, I am the face of the CCI. The principle of my own attitude is simple: If you have time, you can share some of it with others. I am convinced that anyone can do the same. I, for one, do not want to live in a world where no one is willing to give something back to the society in which they live and feel well looked after. This is exactly why I was also active in the local council. As an entrepreneur, the model of the honourable merchant is the benchmark for me. I want to be able to look at myself in the mirror.

***Sonja Ziegler-Teubner, Bayerische Blumen Zentrale GmbH, Member of the CCI General Assembly, Chairwoman of the Ebersberg Regional Committee***

In their day-to-day work together, both the volunteers and the full-time employees of the CCI contribute specific personal qualities to the mix. When it comes to voluntary work, the abilities of each individual are what win me over, to look 'beyond the horizon' and to commit to social issues that go beyond the scope of business – such as the integration of those who have not yet, as a matter of course, found their way into the workplace: refugees, mothers, people with disabilities... In my full-time position, on the other hand, I appreciate the ability to be a professional sparring partner for volunteer work. These are encounters that take place on equal footing, and are marked by mutual appreciation. By bringing together the strengths of voluntary and full-time work in our daily activities, we multiply the forces with which the CCI works.

***Michael Steinbauer, Deutsche DOKA Schalungstechnik GmbH, Member of the CCI General Assembly, Chairman of the Fürstfeldbruck Regional Committee***

The public image of the entrepreneur is often polarised. By helping to promote the location and the region in which we are at home through our voluntary work in the CCI, we make the responsibility we accept and to which we are committed much

more visible. We also see ourselves as role models: our country lives in prosperity and this gives us the opportunity to shape and further develop things. As entrepreneurs, we see it as our responsibility to pass on our knowledge and experience—and thus also to strengthen the feeling that: We *can* do something, so that's what we will do. In the spirit of the CCI, we think and act holistically, not simply pursuing individual interests. This neutrality, combined with a sober attitude based on facts, is what makes us credible. In this way, we provide a solid foundation, not least for the work of the full-time employees in the CCI—who in turn support us with everything we need for our work. This interplay of different forces makes the CCI strong.

***Klaus Bauer, Bauer Unternehmensgruppe GmbH & Co. KG, Member of the CCI General Assembly, Chairman of the Weilheim-Schongau Regional Committee***

“You are a member—make something of it”: under this principle, a voluntary commitment to the CCI is not a question. It is the entrepreneurial answer. For me, the topic of “Corporate Social Responsibility” is particularly important. It has always been rooted in the principle of the honourable merchant—and I was taught this by my parents as the successor to our company. I was invited to participate in the “Corporate Responsibility” working group—and as a “new generation of entrepreneurs” I regard it as my responsibility.

***Dr. Laura Sasse, Dr. Sasse AG, Member of the CCI Committee for Corporate Responsibility.***

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## **General Assembly—Taking Responsibility Together**

*The general assembly of a chamber of commerce is also referred to as the parliament of the economy. This is because democratically elected members from various sectors of the economy meet and work there. The general assembly decides on the guidelines of the CCI work and on questions of fundamental importance for the economy.*

What parliaments are for politics, the general assembly is for a chamber of commerce and industry: a democratically elected body, representatively composed of representatives from various economic sectors according to their economic importance for the CCI district. In larger CCI districts—such as Munich and Upper Bavaria—the chamber regions are also usually represented. Thus, the general assembly of a chamber of commerce and industry is both a parliament for (and mirror to) the economy itself. The example of the CCI for Munich and Upper Bavaria shows exactly how it works.

## From the Election Regulations

Elections for the general assembly take place every five years. In order to ensure broad and appropriate sectoral coverage, electoral groups are formed—currently 23—which comprehensively represent industry, trade and services (see box below). Those eligible for election are natural persons who are of full age on the day of the election and who are either members of the chamber of commerce and industry themselves as sole proprietors, or who are authorised to legally represent a member company—either alone or together with others. Others also eligible for election are authorised signatories of chamber members and specially appointed proxies entered in the commercial register.

## Composition of the General Assembly

Only one candidate per CCI member may stand for election to the general assembly. A total of 90 seats are currently available. 71 seats will be allocated through the election in the 23 election groups. 19 seats are allocated via the regional subdivisions. Here, the elected chairpersons of the 19 regional committees each receive one seat. The general assembly and the regional committees are generally elected at the same time (see also the article on regional committees in this chapter). The members of the general assembly elect their steering committee from their ranks. This currently consists of a President and ten Vice-Presidents.

## One Man, One Vote

The following principle applies to both the election to the general assembly and the decision-making process in the general assembly: “One man, one vote”: each member company has only one vote in the election for the general assembly, just as each member of the general assembly has only one vote in the decision-making process.

## Tasks of the General Assembly

The general assembly determines the guidelines of the CCI work and decides on questions that are of fundamental importance for CCI-affiliated businesses or the work of the CCI in general. It appoints the Chief Executive, it elects the President and the members of the steering committee. Going into further detail:

- **Implementation of self-administration:** The general assembly establishes the self-organisation of the economy. It decides how the CCI uses its available resources efficiently and economically. The careful handling of membership fees is the responsibility of the legislator and is enshrined in CCI law. The budgetary



law of the general assembly also extends to fixing the respective membership fees as well as fees for public tasks assigned by the state.

- **Appointment of the Chief Executive:** The general assembly also appoints the Chief Executive.
- **Preparation and resolution of positions:** On the basis of the preparatory work undertaken by the regional and specialist committees or the working groups and the primary office, the members of the general assembly then discuss and decide on positions pertaining to current and fundamental economic policy issues, and thus establish these in a binding manner. In making its decisions, the general assembly also considers the social consequences of economic activity—in line with the concept of the honourable merchant. Only when these positions have been adopted by the general assembly and thus democratically legitimised, may they be communicated to the outside world.

## Rotation of Meetings

The general assembly of the CCI for Munich and Upper Bavaria usually meets three times a year. The steering committee and the primary office prepare the meeting together. The meetings and discussions of the general assembly are public and are transmitted online thanks to live streaming. The results of the meetings are also reported via other communication channels utilised by the CCI.

### **Box: From the Statutes of the CCI for Munich and Upper Bavaria: Section 4 Composition and Tasks of the General Assembly**

- (1) The general assembly consists of up to 90 members. The election of the members as well as the duration and premature termination of membership is governed by election regulations.
- (2) The general assembly determines the guidelines of the CCI's work and decides on issues that are of fundamental importance for CCI-affiliated businesses or the work of the CCI in general.

The general assembly reserves the right to make decisions, in particular on

- (a) the statutes (Section 4 S. 2 No. 1 CCIA),
- (b) the electoral, financial contribution, special contribution and fee regulations (Section 4 S. 2 No. 2 CCIA),
- (c) the economic statutes, in which economic planning is established and the benchmark for financial contributions and special contributions is set ( 4 S. 2 No. 3, 4 CCIA),
- (d) the election of the President and the steering committee (Section 6 Para. 1 CCIA),
- (e) the appointment of the Chief Executive (Section 7 Para. 1 CCIA),

- (f) the granting of discharge (Section 4 S. 2 No. 5 CCIA),
  - (g) the transfer of tasks to other chambers of commerce and industry, the assumption of these tasks, the formation of public-law associations and participation therein pursuant to Section 10 of the Chamber of Commerce and Industry Act (CCIA) and participation in institutions pursuant to Section 1 Para. 3b of the Chamber of Commerce and Industry Act (Section 4 S. 2 No. 6 CCIA)
  - (h) the manner of public announcements (Section 4 S. 2 No. 7 CCIA),
  - (i) the financial regulations (Section 4, S. 2, No. 8 of the Chamber of Commerce and Industry Act CCIA)
  - (j) the fundamental principles of human resources management, in particular the general principles of salary determination,
  - (k) the appointment of auditors,
  - (l) the establishment of branches and field offices,
  - (m) the modification of the division of territory to create CCI regional committees as well as the establishment of other regional groupings,
  - (n) the formation of (and participation in) companies, the sale and transfer of shares in companies, and consent to the dissolution of companies
  - (o) the establishment of committees, with the exception of the vocational training committee,
  - (p) the proposal of the employers' representatives on the vocational training committee,
  - (q) the adoption of rules in the field of expert appraisal,
  - (r) the appointment of permanent members to fixed specialist bodies to verify specialist expertise in accordance with Sects. 36, 36a GewO,
  - (s) the establishment of the committee pursuant to Section 111, Para. 2 ArbGG
  - (t) the establishment of courts of honour and arbitration tribunals
  - (u) the appointment of the competition disputes settlement body
  - (v) the adoption of rules of procedure for the general assembly and model rules of procedure for the steering committee, the regional committees and their groupings and the committees, without prejudice to the provisions of the Vocational Training Act.
- (3) The vocational training committee shall decide on the legal provisions to be adopted by the chamber of commerce and industry under the Vocational Training Act for the implementation of vocational training. These decisions shall require the approval of the general assembly if the funds provided for vocational training in the current budget are not sufficient for their implementation, or if funds have to be made available in subsequent financial years that exceed the expenditure on vocational training in the current budget to a not insignificant extent.
- (4) The members of the general assembly are representatives of the entire CCI-affiliated commercial economy within the CCI district. They always

make their decisions with a view to the needs of the economy as a whole, without being guided by the interests of individual persons or individual companies and branches of industry. They are not bound by orders and instructions. They carry out their tasks on an honorary basis. No expense allowances are paid nor are costs reimbursed.

- (5) The members of the general assembly shall maintain secrecy with regard to all communications, facts and negotiations that are by their nature confidential, or which are designated as confidential. By its nature, the term ‘confidential’ refers, in particular, to matters that are dealt within the closed session. The members of the general assembly are to be obligated to this and to an objective performance of their duties by the President before they take up any honorary activities.

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### **Case Study: Notes from the General Assembly—Bringing Together the Opinions of Companies**

A visit to the general assembly meeting in summer 2018, which focused on the appointment of the new Chief Executive of the CCI and a presentation by the then newly appointed Bavarian Prime Minister, Markus Söder. In addition, various papers on the positions of the CCI relating to current economic policy issues were adopted. In the notepad of a member of the general assembly, the following notes were found afterwards:

- **Guest speakers:** The tradition of top-class guest speakers continues. This time: Markus Söder, Minister-President of Bavaria, a few months after taking office. Visiting the general assembly for the first time in this capacity. Recognition for the efficiency of our economy: “Germany’s economic heart” lies in the South. The success of the whole country is built on Bavarian companies. We warn against the dangers of protectionism all over the world. Dangerous for Bavaria as an exporting country, and particularly critical for the automotive industry. “Then the economic power in Bavaria will shake to its core.” Söder announces a reform of corporate taxation to boost our international competitiveness.
- **New Chief Executive:** Manfred Göbl is appointed new Chief Executive: Successor to Peter Driessen—he leaves after 33!!! years in the service of the CCI. CCI President Eberhard Sasse about Göbl: “A real networking champion who fights for the cause of business and the economy.” Göbl was responsible, among other things, for “central tasks and fundamental issues” in the CCI—good reputation among the members, important milestones set. Broad recognition at the general assembly.

- **Annual financial statement for 2017:** Submitted for approval. Everything as it should be. 388,551 members. 38.9% of which are exempt from paying contributions to the CCI (too little revenue/profit). Prospects for 2018 remain stable. The economy in Upper Bavaria in good condition. Contributions: Slight increase in the levy to 0.129% (federal average 0.150)
- **Position Paper: “Digital Taxes”:** Is urgently needed: Our CCI Finance and Taxation Committee has developed a position paper on the topic of “digital taxes”. The aim: to ensure that new digital business models are treated appropriately in terms of taxation, and to promote innovation and investment to ensure a successful transition to the digital world. At the same time, actively implementing digitisation, especially with regard to the relationship between the tax state and companies. Procedural rules must be designed in a modern and practical manner so that they are equally applicable to both sides. Important for competition between different locations. Keyword—e-Government: Considerable need for improvement in secure digital communication between companies and authorities. Digital innovations must not only benefit the financial administration on one side but must also bring advantages to companies, on the other. Otherwise, only costs and obligations will remain.
- **Discussion on property tax:** The assessment of property tax for real estate is unconstitutional. For more than 50 years the standard values for real estate have not been adjusted. This is completely outdated and leads to a serious imbalance in the treatment of property owners, says the Federal Constitutional Court. Fine. Communities need the money, including investments at the local level. But that is of little help if, at the same time, the costs for companies become a disadvantage. New regulations must be implemented quickly and reliably. The new position paper says it all on the reform of the property tax: Politics and local authorities should recognise how damaging unreasonable burdens and additional bureaucratic ballast are for the quality and performance of companies operating at the local level.
- **Position paper: “Strengthening women entrepreneurs”:** A seven-point plan by the chamber of commerce and industry to ensure the increase in women entrepreneurs in our region in the future (Share in Munich and Upper Bavaria now around 30%!)
  - Anchoring entrepreneurship in school curricula (and thereby dissolving outdated role models and making self-employment a tangible option)
  - Attracting more women entrepreneurs as role models
  - Needs-based start-up advice and support for women (especially financing! Crowdfunding!)
  - Increase the number of female investors and female business angels
  - Expand mentoring and coaching services
  - Facilitate networking between female start-up entrepreneurs
  - Make the balance between family and entrepreneurship easier to manage

- **Topic: “Springboard innovations”:** Not really everyone’s cup of tea. But Herbert Klein, Chairman of the committee and Manager of Agfa Healthcare Imaging in Peiting, as well as Chairman of the CCI Industry and Innovation Committee, explains the importance to us all: “Springboard innovations are more important than ever for Germany, especially in topics relating to digitisation. However, these cannot be invoked at all with today’s structures and processes upon which the promotion of technology and technology transfer hinge. We need new, suitable instruments for this. The uncompromising orientation towards the success of the US-American ARPA approaches is a good role model”.

ARPA is the Advanced Research Projects Agency of the USA. Convinced no doubt. In principle, we support the establishment of a national agency for springboard innovations. Important: Act autonomously and independently of politics (Editor’s note: This agency now exists)

- **Demands on broadband infrastructure:** Once again, we need to increase the pressure so that the state takes care of high-performance broadband infrastructure and a stable, fast mobile network that will establish us as one of the top locations for digital business. In actuality, the current figures from our chamber of commerce and industry should be a strong enough argument as it is: “For around 40% of companies, the current landline network and mobile communications infrastructure is not sufficient. If this shortage in our landline network continues for the next two years, 44% of companies will not be able to expand, 13% expect to have to turn down orders, and eight percent consider their current broadband access to be a threat to their existence and are considering relocation. We are adopting eleven demands, which in reality are already deemed to be concrete and well-founded instructions for action.”
- **Position paper: “Blockchain”:** Another important IT topic is “Blockchain”. This technology of the future was hardly ever mentioned in the digital lighthouse projects recently announced by the Bavarian State Government. Our IT experts in full-time and honorary positions consider this to be a dangerous gap that needs addressing. And yet our location, the number one in Europe for information and communication technology, is predestined to teach, research, experiment and develop within this field. We are adopting a position paper with specific demands. One of the key sentences: “Based on the commitment of local entrepreneurs and active blockchain players, there is a chance for Munich and Upper Bavaria to establish itself as a pioneer in this technology”.

## **CCI Regional Committees—Ensuring a Direct Link to Regional Activity**

*With the regional committees, the CCI has a direct line to the wishes, needs and ideas that arise at local level. The work of the committees also reflects the variety of challenges facing local companies—through which valuable impulses for the work of the entire CCI are created.*

A chamber of commerce and industry stands for the bundled representation of economic interests in its region. It speaks with one voice for all companies. At the same time, however, a chamber of commerce and industry always wants to reflect the entire regional diversity and variety in its CCI district. This corresponds to its self-image and, with that, to the desire of the Federal Constitutional Court: “Especially... in dealing with Europeanisation and globalisation, it can be particularly important to bring district perspectives to bear.... This is based on the plausible assessment that, even in a frequently Europeanised and globalised economy, impulses for action can (and should) come from a local or regional level.”

The Chamber of Commerce and Industry for Munich and Upper Bavaria optimised its fundamental approach to the regional representation of interests a few years ago by comprehensively ‘regionalising’ its structure: since then, 19 regional committees have been in play, which are largely identical to the administrative districts of Upper Bavaria and which look after the interests and needs of those companies located in these respective areas.

### **Democratic Election Regulations**

The democratic representation of the business community has always been a two-chamber system consisting of a general assembly and regional bodies. Thus, the regional committees and the general assembly have always been jointly elected every five years as part of a joint electoral act and in accordance with the principle of democratic representation.

Every entrepreneur residing in the territory of the respective regional committee can stand as a candidate. The members then decide on the appointments to a total of 329 seats in the regional committees. The approximately 260,000 Upper Bavarian companies with headquarters outside Munich are also entitled to vote. Each committee elects a chairperson from among its members.

### **Size of the Regional Committees**

With regard to the size of each regional committee, there are three size categories of 15, 17 or 21 seats. These reflect the economic strength of each region. The basis for the calculation is a key comprising the number of companies, income and the

employees subject to social security contributions. This key is also used to calculate the seats in the CCI general assembly and is thus a reflection of the Upper Bavarian economy.

## **Representing Local Level Interests**

The regional committees themselves determine the content of their work. As a rule, the focus is on the specific challenges at their respective locations. They obtain information and discuss, above all, the political and economic conditions at the local level, formulate common political positions and carry out model projects. For example, the Altötting-Mühldorf regional committee has launched the so-called “Education Express” (“Bildungsexpress”): Here, school leavers travel by train from Mühldorf to Salzburg. On the train, ride companies speak to them about various vocational training offers. Depending on the topic, the positions and suggestions of the regional committees also naturally flow into the CCI specialist committees and the general assembly, respectively the regional committees also take up topics from other committees: in principle, therefore, a genuine circular economy of knowledge, innovation and change—with added value due to the immediate proximity of the committee to the location—is achieved. At the same time, this ensures optimal networking and the representation of interests within the CCI. Speaking of networking: cooperation with political and official stakeholders at the local level is a major concern shared by the regional committees. Many committees arrange their meetings in such a way that the regional councils or members of the regional parliament can also participate.

## **Reasons for Reform**

To strengthen the representation of interests at a regional level in the long term and to bring it more in line with the political structure of Upper Bavaria—this was the objective that the responsible regional committees themselves finally succeeded in initiating. The committee members wanted a more differentiated structure, preferably with one committee per district. The background to all this: Before the reform, the chamber of commerce and industry had 14 regional committees, which were, however, more expansive in their reach and which crossed district boundaries. In some cases, there were duplicate bodies that combined two regions. However, these sometimes lacked a direct link to certain topics of the other region, and the perception of “the voice of business” vis-à-vis politics was, therefore, weaker than could have otherwise been possible. On the other hand, however, some locations were so closely interwoven that it made sense to merge them. Thus, at the beginning of the restructuring, the question was posed: Where should unbundling take place and where should things be left as they are? In fact, unbundling was not carried out in three cases: in the city and rural district of Rosenheim because of the close interlinking of issues and administration; in the Erding and Freising districts

because of the common denominator Munich Airport; and in the Altötting-Mühldorf alliance because the structure developed over many years was optimally suited to their needs. At the same time, the administrative district of Munich—Germany's strongest economic area—was given its own regional committee.

## **Strengthening the Regions—Including in the General Assembly**

As the number of committees grew, so did the influence of the sub-regions in the general assembly. This is because the chairmen of the regional committees are also members of the general assembly. Given that five additional chairmen now have a say in the assembly, the importance of the regions for the work of the chamber of commerce and industry is now even better reflected throughout Upper Bavaria.

## **Inter-administrative District Cooperation Through Additional CCI Forums**

Previous forms of cooperation between regional CCI committees across district borders were not, however, prevented by the reorganisation. By setting up CCI forums, strong, inter-administrative district platforms dedicated to mutual issues and activities were created. These forums meet at least once a year in order to address inter-district issues. Accordingly, the CCI Forum Oberland, for example, takes up topics that affect the districts of Garmisch-Partenkirchen, Weilheim, Bad Tölz and Miesbach. The bundling is predominantly based on the existing regional office structure of the CCI. This also ensures efficient cooperation between the honorary office and primary office. Thus, the regional committees also facilitate the transfer of knowledge from regional circles of experts as well as from specialists to the primary of the CCI and vice versa.

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## **Case Study: Insight Into the Work of the Regional Committees—Working Together to Advance the Regional Economy**

What does the work of the regional committees look like in practice? Three reports from committee meetings offer an impression.

### **Altötting-Mühldorf Regional Committee**

The CCI regional committee for Altötting-Mühldorf demanded that the landline Internet be expanded rapidly, that only fibre optic projects be promoted and that



alternative cable laying methods be considered in addition to the acceleration of civil engineering processes. The Office for Digitisation, Broadband and Surveying (“Amt für Digitalisierung, Breitband und Vermessung”) was also tasked with offering assistance specifically for companies (for example, by means of a “broadband hotline for companies”) as well as acting as an intermediary between the provider, the municipality and the company. Given the unsatisfactory level of mobile communications coverage at present, it is important both to improve the availability and stability of existing networks (for example, by enabling national roaming) and to press ahead with the introduction of 5G.

### **Starnberg Regional Committee**

The Starnberg business community unanimously demands the construction of the B2 tunnel. The CCI regional committee initiated a joint meeting with the district trademen’s association, UWS (Unternehmerverband Wirtschaftsförderung im Landkreis Starnberg e.V.) and the City Initiative Starnberg, to which all city councils were also invited. After detailed discussions with experts from the Supreme Building Authority (“Oberste Baubehörde”) and the State Building Authority Weilheim (“Staatliches Bauamt Weilheim”), and after weighing up all the arguments, the representatives of the business community adopted a position paper. In it, the city council is called upon to make the necessary decisions on the construction of the tunnel without delay and to work towards its timely completion.

### **Erding-Freising Regional Committee**

In its meeting at the TU Munich in Weihenstephan, the CCI regional committee for Erding-Freising unanimously called for the full-scale expansion of the state road Airport Tangent East (FTO). The current infrastructure has long since reached its limits. By 2035, however, population growth of around 44,000 people is expected in the districts of Erding and Ebersberg. This will have noticeable consequences for local mobility. At the same time, as passenger numbers grow, Munich Airport needs a high-capacity transport connection to the south-east Bavarian region. According to the chamber of commerce and industry, air freight growth at the airport (plus 5.2% in 2015/2016) and the associated delivery traffic will also have an impact on the regional road network. The FTO is one of the most heavily used state roads in Bavaria. At present, a three- to four-lane expansion in four sections between the A92 and Neufinsing is envisaged, and in some cases, the planning permission procedure is already underway. However, the chamber of commerce and industry is demanding that planning for the demand-oriented expansion of the southern section between the A94 and Neufinsing be started without undue delay.

## CCI Specialist Committees and Working Groups—Tasked with Co-formulating the Content-Related Goals of CCI Work

*In order to represent the overall interests in discussions with politicians and authorities, the CCIs need well-founded positions and proposed solutions. These are prepared, among other things, in the specialist committees and working groups.*

The CCI specialist committees and working groups do special honour to the title of this book “Practical Wisdom”. For therein the practical wisdom—that is, the collective intelligence of the CCI members—is gathered in an outstanding way. They are also the nucleus of those represented interests. The committee and working group participants deal with special technical questions and exchange information. The aim is to identify developments, define relevance and formulate recommendations for action to ultimately assist policy makers. The committees are established by the general assembly and fulfil an advisory function for them. The general assembly appoints the members of the committees for a term of office. The members are recruited from the general assembly itself, but are supplemented by other interested entrepreneurs, company representatives and experts—including persons who are not eligible for election to the general assembly. The working groups have in effect the same tasks but do not have to be set up by the general assembly.

The Chamber of Commerce and Industry for Munich and Upper Bavaria currently has 12 specialist committees and eight working groups, as well as the vocational training committee. A brief overview:

- **The Finance and Taxation Committee** deals with tax and financial policy at the federal and state level. It discusses plans and develops policy positions of the business community. The Finance and Taxation Committee’s expertise is also used to formulate statements and letters to politicians.
- **The Legal Affairs Committee** deals with all areas of law that affect the economy. This includes copyright law or the field of digitisation among many others. The Legal Affairs Committee defines topics that are relevant to companies and works to ensure that laws are designed in a practical manner.
- **The Trade Committee** deals with trade-specific topics from the fields of wholesale, retail and trade brokering at federal, state and local level. It represents a cross-section of trading companies of all sizes, as well as different industries, cities and regions.
- **The Tourism Committee** consists of various stakeholders in the Upper Bavarian tourism industry and deals with various topics relating to tourism. These range from the promotion of the tourism infrastructure to digitalisation and climate change. Together, the committee members develop positions and represent them vis-à-vis the political sphere.
- **The Service Committee** deals with political issues that affect the service industry and develops statements and positions at the federal and state level. The focus is on the practical design of laws. In addition, the expertise of the Service

Committee is used for CCI statements, letters to politicians and discussions with the political sphere, parties, administration and universities.

- **The CCI Committee for the Real Estate Industry** is composed of high-ranking representatives of the Upper Bavarian real estate industry. Its main focus is expanding the supply of affordable housing and commercial space in Upper Bavaria. Its expertise is also incorporated into position papers, statements, policy discussions, etc.
- **The Environment and Energy Committee** deals with the environmental and energy policy framework conditions at state, federal and EU level across all sectors. The focus is on ensuring the economically compatible design of today's energy transition and climate protection and the contribution of companies to greater resource efficiency.
- **The Foreign Trade Committee** advises the CCI steering committee and general assembly on foreign trade law and policy issues, it seeks to establish a specialist dialogue with politics, administration and science and helps other member companies and newcomers to prepare their foreign business dealings. It is a source of inspiration for new topics that are taken up in the services offered by the CCI's foreign trade division. In discussions with political decision-makers, it utilises every opportunity to point out the need for correction in foreign trade law and to make suggestions for improvement.
- **The Industry and Innovation Committee** sets the course for a modern industrial policy. Its topics include technological developments to which business must respond, as well as tax or financing issues for start-ups and research and development.
- **The Transport Committee** deals with all questions of mobility in both freight and passenger transport. On the one hand, it is concerned with efficient transport routes to sales markets and suppliers, so that commuters can get to their place of work and goods reach their destination "just in time". On the other hand, it focuses on questions concerning the choice of transport and type of drive, in order to be both efficient and sustainable when on the move. The aim is to keep companies' locations easily and reliably accessible.
- **The Committee for Corporate Responsibility** aims to strengthen sustainability as a model of future-oriented development, contribute to the implementation of the UN 2030 Agenda for Sustainable Development in the region and give the responsible business a voice in the political and social debate.
- **The Committee of Experts** is responsible for advising the chamber of commerce and industry and for providing expert opinions when specialists are appointed, either for the first time or on a repeat basis. It supports the CCI with complaints management in the expert division. Further tasks: The promotion of the Institute of Public Appointment as well as acquisition and motivation of new applicants.
- In contrast to the other expert committees of a chamber of commerce and industry, the **Vocational Training Committee** is a body prescribed by the

Vocational Training Act. It must be informed and consulted on all important matters of vocational education and training. In particular, the committee must work towards the steady development of the quality of vocational education and training within the scope of its tasks. For every six representatives, the committee consists of representatives from the employers—that is CCI members—as well as from the employees and teachers at vocational schools; the teachers have an advisory vote (cf. also Chap. 4, Articles on vocational training). The vocational training committee is not established by the general assembly, however, the general assembly does propose the employers' representatives of the committee.

In addition, there are also the following eight working groups. A working group can, in principle, be upgraded to a committee by the general assembly:

- **Credit industry:** The credit industry working group brings together high-ranking representatives from the financial sector to discuss the conditions for corporate and start-up financing. The members work out proposals for improving the statutory framework conditions of the industry and the Upper Bavarian financial centre and invite state, federal and European politicians to participate in a direct exchange.
- **ITC and digitisation:** This working group is made up of various company representatives from the information and communication industry (ITC) as well as digital managers from all other industries. As a broad reflection of Upper Bavaria as a location for ITC and digitisation, the working group is an important body for addressing the needs and issues of local companies and discussing political positions relevant to the economy as a location for digitisation and digital policy, such as Blockchain, Artificial Intelligence (AI), IT security and ICT infrastructure. In addition, the working group also serves as a platform for exchanging experiences and networking.
- **Women in business:** This working group promotes the special importance of female entrepreneurs for Munich and Upper Bavaria as a business location, makes them visible through numerous measures, connects them and encourages ever more female entrepreneurs, founders and successors.
- **Food industry:** The working group was founded in October 1982 to improve the cooperation between food control and food industry. The working group sees itself as a platform for an open exchange of ideas between the representatives of the food industry, the authorities and specialist legal representatives. It primarily represents the interests of the Bavarian food industry and involves it in the current legislative processes.

- **Media:** As its thematic focus, the Media working group accompanies training in the media professions, advises on and evaluates trends in the media industry as part of the Bavarian cultural and creative industries scene, and brings the view of Upper Bavarian media entrepreneurs into the “Media Network of Bavaria”. Network maintenance and the political representation of interests for the industry in the robust media location of Munich and Upper Bavaria are also handled by the Free State’s new Medien.Bayern GmbH.
- **Healthcare industry:** This working group represents the entire diversity of the healthcare industry. Its members include Board members, Managing Directors and owners of health insurance companies, as well as clinics, retirement homes, medical technology and pharmaceutical companies, experts, companies offering digital solutions and pharmacies. The members hold discussions with politicians, primarily at the state and federal level, on topics such as securing skilled workers, digitalisation and future innovations, reducing bureaucracy, rural care, financing and preventative healthcare.
- **Personnel:** In the Personnel working group, Managing Directors and HR Managers from Upper Bavarian companies discuss current issues shaping HR policy and thus support the CCI Munich in its positioning vis-à-vis politics.
- **Start-ups:** Start-ups and young companies are often confronted with an abundance of regulations that present hurdles in the process of founding a company and which are often a great burden in the years that follow. The working group issues demands regarding these topics and discusses these regularly with political representatives. The aim is to support attractive framework conditions for founders and thus strengthen the location.

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### **Interview: CCI Brand Identity Across Germany—Placing the Honourable Merchant at Its Centre**

*Since 2018, the model of the honourable merchant has also been the basis for the new brand identity of the German CCI organisation. An interview with: Gerti Oswald, Managing Director of the Association of Bavarian Chambers of Commerce and Industry and CSR (Corporate Social Responsibility) officer of the CCI for Munich and Upper Bavaria.*

**Gerti Oswald, Photo Credit: CCI for Munich and Upper Bavaria/Goran Gajanin\_Das Kraftbild**



**“Together we take responsibility”—this is the new guiding principle of the CCI organisation. On the initiative of the Association of Bavarian Chambers of Commerce and Industry, the General Assembly of the Association of German Chambers of Commerce and Industry further refined the “CCI” brand and adopted this guiding principle as the brand identity. All 79 German CCIs have adopted it. Why did they choose precisely this message?**

The brand identity serves as a framework for the continuous development of the CCIs and promotes a joint understanding and image based on the model of the honourable merchant. “Together we take responsibility” is ideally suited to this cause. With this new guiding principle, the historical model of the honourable merchant can also be translated perfectly into modern times.

**Could You Briefly Explain the Model of the Honourable Merchant?**

The chamber of commerce and industry movement is based on the image and understanding of the honourable merchant. The model serves as a starting point and still shapes our work today. The honourable merchant began as (and remains to this day) the—unwritten—agreement among businessmen to deal honestly and reliably with each other, with employees and society as a whole. Translated into today’s world, this means that the honourable merchant acts sustainably and responsibly regarding economic, social and ecological dimensions. He wants his company to grow—but not at the expense of others, his employees or partners, society or the environment. At the same time, he acknowledges that this type of ethical behaviour also represents an entrepreneurial opportunity to strengthen his company’s competitiveness, innovation and sustainability. The management approach that characterises the honourable merchant with particular accuracy is called Corporate Social Responsibility—CSR.

**Why is it necessary for the CCIs to become a brand? Does this also make their range of services more visible?**

Correct. We want to ensure that the CCI organisation is no longer perceived as a burdensome entity with compulsory membership and mandatory contributions and at the same time, we want to make our services more visible. Implicitly, we have always been a brand with the promise of benefits and values. This promise lies in our own understanding of CCI and our legal mandate—the public tasks assigned by the state, the overall representation of interests and the promotion of business, and as the basis of our work, the very model of the honourable merchant. With our guiding principle “Together we take responsibility”, which is based on the principle of the honourable merchant, we are now explicitly making the CCI visible as a brand—a truly nationwide undertaking. We present a united and unified image to the outside world, we gain a clearer profile and thus greater clout, and also provide a pioneering response to the challenges of the present (see Fig. 2.5).

**A modern approach—a brand makes an organisation distinctive, and this is how the CCIs stand out more clearly from the crowd of other business organisations.**



*Source: CCI for Munich and Upper Bavaria*

**Fig. 2.5** The CCI brand core—compact and clear

That's right, there is a lot of talk about the so-called "attention economy". Attention really is a scarce commodity these days. Having a brand helps us place our messages and emphasise our unique selling points. This is what makes the CCI distinctive. For the business community itself, politics and civic society, the abbreviation CCI should be linked to positive associations such as values, competence and commitment to the interests of the economy and for the benefit of both present and future generations.

**The brand promise and its individual aspects promise society a responsible economy and guarantee companies that they can jointly shape framework conditions for responsible economic growth with the help of the CCIs. So you have two target groups?**

Yes, and we are also concerned with both target groups. On behalf of the companies, the guiding principle promises society that we will do business sustainably and responsibly, thinking not only of today's generations but also of future generations. In this way, we can also strengthen the entrepreneurial image in the public eye.

**But the brand promise is also directed at the companies, the members themselves. What does it promise them?**

It promises our members that with the CCI as part of a comprehensive, even worldwide network, you can bear responsibility and shape the economy autonomously. The CCI supports you in this venture by promoting you, advising you and representing your interests. This should and will, in turn, increase the members' loyalty to their CCI and show them that the CCI is indeed more than a compulsory organisation.

**The words of the guiding principle "Together we take responsibility" are, indeed, well put. What exactly is the message you are looking to purvey?**

Essentially, each word has its own meaning. For example, the word "Together" stands for the honorary and primary office, for the active and the (as yet) inactive members. Only when everyone networks and collaborates can "we" fulfil our task as a chamber of commerce and industry. In concrete terms, this means that by working for (and with) the companies we shape and work for the economy, exerting our influence in the region, but also nationwide and, through our network of foreign chambers of commerce, worldwide. Thus, companies can operate responsibly and under the best possible conditions. The members—the companies as part of this "we"—naturally play a special role in this, as they are both the driving force and the goal itself.

**In the guiding principle, in German the word for "take" is replaced by the word "enterprise"...**

... and consciously so. This is a play on words in German, which is difficult to translate one to one into English. Basically, we want to express the entrepreneurial spirit that characterises our organisation and our understanding of what we do. In this sense, we are a long-standing citizens' initiative in which entrepreneurs, as part of society, take their affairs into their own hands, while helping to shape them and thus, also take responsibility.



**So the term “responsibility” in the guiding principle even goes beyond responsible, sustainable business?**

Yes. The term is very complex and also reflects our own role as a chamber of commerce and industry. We are a legally mandated institution, we stand for the self-governance of the economy, for freedom from the state and hence for the embodiment of personal responsibility. Responsibility, therefore, means implementing sovereign tasks in a business-oriented manner, supporting our members comprehensively regarding all manner of challenges—from Work 4.0 to questions concerning customs law—but also helping them with regards to sustainable business. It means the representation of interests, i.e. the representation of the overall interest and not the individual interests of singular companies or sectors. CCI positions are based on the weighing up and balancing of different economic interests. With a perspective on both the economy and companies, when establishing a position, the region, social needs and the requirements of the future are always taken into account, too. As a community of solidarity under public law, we are also tasked with a public welfare mission. All this is part of the term responsibility.

**Despite all this commitment, business is, more often than not, perceived for its misconduct rather than the responsibility it assumes. Does this not bother you?**

Very much so. This is one of the reasons why we have formulated the guiding principle in this manner. It is also precisely why we want to use this branding process to build up a new perception of the CCI. Every day, companies take responsibility for their employees, the region, society, the environment and thus, also for the future of us all. Of course, we cannot deny misconduct. The guiding principle is therefore a confession, a form of stocktaking and an appeal all in one. It emphasizes that the business community acknowledges its responsibility and embodies it. At the same time, however, the guiding principle also appeals to companies not to slacken their efforts to shoulder greater responsibility and pursue increased sustainability, or to tackle these points if they have not already done so.

**And last but not least, does the new brand identity also have an internal effect? Does this also mean that the primary office of each of the 79 CCIs is aligned with the brand identity?**

Correct. Of course, the model of the honourable merchant must also apply to the CCIs internally. How could it be otherwise? Honorary office, members and the primary office act as one unit, and the values and attitude apply both externally and internally. Only if we also embrace the brand identity within the organisation will we remain credible externally—and really live up to our brand claim.

**Ms. Oswald, thank you for the interview.**

## **Excursus: The Practical Wisdom of the Honourable Merchant**

A merchant, unlike a military commander or official, does not have the power of coercion. He or she cannot force anyone to sell them goods or for that matter buy goods from them; this person is dependent on voluntary action alone. The strength of the concept behind *practical wisdom* as a guiding category of business ethics now lies in the fact that it has not only normative but also positive references. It is therefore less about pointing the moral index finger and setting standards than about acting in a certain way and managing relationships. In other words: only those who systematically take into account the legitimate expectations of their stakeholders can hope for lasting business success. For this reason, a wise businessman will, for example, respect the property rights of his business partners unconditionally, even without being forced to do so by a functioning judicial system. This is because if he does not, others will lose confidence in him or her—which in turn threatens the very basis of his or her business. The respectability of the merchant also takes into account his or her legal status as a private entrepreneur. The respectability of the merchant is therefore not only an expression of his or her firm moral convictions but also of the need for good stakeholder relations—that is practical wisdom.

Incidentally, in a similar vein, social psychologists have shown that socially weaker groups—such as women or people from poorer social strata—generally make wiser and more prudent decisions. This is due to the fact that they are more dependent on the goodwill of those with greater power—often rich men—to achieve their goals and take to corresponding heuristics. Of course, these are only averages used to characterise mass behaviour and do not necessarily say anything about individuals. However, such findings also suggest that medium-sized family entrepreneurs, for example, tend to make wiser decisions than the managers of large companies, who are used to having all key partners—including politicians—dancing to their tune.

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## **Historical Review—How the Chambers Arose and Developed**

*Over the centuries, chambers of commerce and industry have proven themselves as an example of best practice concerning the exchange of information and the division of labour between the state and business, as well as regarding the participation of business in the political decision-making and shaping process. Compulsory membership is an irreplaceable ingredient for the successful execution of such a programme.*

Chambers of commerce and industry have deep roots that stretch back to the Middle Ages and early modern times. For example, an association of Nuremberg merchants is mentioned in a document dating back to 1163. Moreover, the “Assembly of an Honourable Merchant in Hamburg” has existed in the city since

1517. Similar organisations were also a prominent feature in almost all important trade and business centres. The following article, however, is dedicated to the history of the chambers of commerce and industry (CCIs) in modern times: in the period spanning the turn of the 18th century to the dawn of the 19th century, the chamber system gradually took on its modern form, due to the fact that the state and its increasingly industrialising economy had to re-examine their roles and forms of cooperation.

The governmental interest in CCIs has always been, from the very beginning and up to the present day, focussed on obtaining information about economic processes that it cannot procure itself, or at least without a degree of unreasonable cost. At the same time, it delegates tasks to the CCIs with a view to reducing its own administrative cost burden. In return, the government provides the Chambers with the opportunity to position their interests and ideas at the forefront of political decision-making.

From the outset, the instrumental core of the system underpinning the German Chambers of Commerce and Industry has been compulsory membership secured in the form of corresponding financial contributions. In particular, it was the only way the state could access all companies and ensure the full transparency of the information received—with membership being a necessary prerequisite, however. What seems to be a matter of fact and is only questioned by a few critics today has, in actual fact been accompanied by many discussions and variant manifestations in a period spanning 200 + years of historical development. Essentially, during this period the Chamber system—based on compulsory membership—has historically evolved into what today is considered best practice. Finally, the laws governing the CCI apparatus put an end to this evolutionary process in December 1956 by enshrining compulsory membership in law. Hence, the discussion regarding compulsory membership therefore also forms the core of the following historical overview.

## **Chambers at the Turn of the 19th Century**

Back to the roots: We find ourselves in the period spanning the turn of the 18th century to the dawn of the 19th century. The exchange of information between the state and the local economy had to be organised under evolving conditions—given that the French Revolution and reforms in Prussia were paving the way towards a modern concept of government and industrialisation had begun to take hold. In that context, the chambers of commerce and industry seemed to be a tried and tested means for this purpose. During the French occupation at the time, the Chambers were initially set up in western Germany in adherence to the French model. Companies were therefore required to become members bound by obligation: this was prescribed. The aim for the Chambers was to keep the state abreast of economic developments in a fashion that was as undistorted as possible, while at the same time taking the interests of all companies in the district into account in their reports and the self-administrative tasks they bore. The (French) state initially

attempted to monopolise this exchange process by dictating its tasks to the regional merchant team and allowing them to articulate their own interests only with explicit approval. However, given that merchants saw membership as a constraint, coupled with the fact that they could only represent and shape their own interests to a limited extent, they lacked the incentive to provide the state with the desired information. Rather, in the heyday of liberalism, they wished to free themselves from the enveloping cloak of state paternalism. Therefore, it became clear that the state could not achieve the desired result by coercion alone. In any case, the formal transfer of self-administering powers and a largely voluntary contribution by the chambers of commerce to the state's goals seemed to be the more sensible alternative.

### **Initial Definition Criteria for Compulsory Membership Under Prussian Rule**

Among other things, this dispute led to the introduction of the Prussian-German type of chamber (first included in the Statutes of the Chamber of Commerce for Elberfeld and Barmen) in 1830, which established objective criteria for joining the Chamber of Commerce: All trade taxpayers who initially paid at least 12 Talers in tax were entitled to vote. More precisely, they were allowed to elect general assemblies as representatives of trade and industry—but without the trades and crafts, and agriculture for which separate Chambers were later established. Of course, the right to vote was not a gift, but rather entailed an obligation to finance the running costs of the Chamber's organisation. In this respect, membership and contributions had been compulsory since 1830. The other German states followed this Prussian model in the further course of the 19th century. Only Baden abolished the obligation to pay contributions in 1862 because that did not seem compatible with its prevailing liberal principles. However, even here the problem of drumming up contributions soon became apparent, as many companies withdrew from the Chambers or did not become members in the first place. Subsequently, Baden went on to reintroduce compulsory membership in 1878.

### **The Unglamorous Nazi Period**

Despite increasing legal harmonisation following the foundation of the German Reich and, thereafter, the Weimar Republic, chamber legislation remained a matter for the individual German states (or 'Länder') until well into the 20th century. These had been independent individual German states for centuries, which retained a large proportion of their powers even after the birth of the German Reich in 1871, including those for the chamber system. This did not change until the dawn of the Nazi era. The Hitler regime brought the chambers into line in 1933/34—as was the case with all areas of public administration. More specifically, this meant that the Chambers were no longer self-governing, but rather were organised according to the 'Führer principle' and subject to the supervision of the Reich Economic

Minister. Consequently, the latter also appointed the presidents of the CCIs. Accordingly, the plenary assemblies were no longer elected by the member entrepreneurs but were instead replaced by an advisory council. Finally, the CCIs were also involved in the process of ‘aryanising’ the economy. In 1942, in the midst of the Second World War, the NS regime then transferred all 111 Chambers of Commerce and Industry along with the Chambers of Trades and Crafts to the ‘Gauwirtschaftskammern’ (regional chambers of commerce and industry) and used these to perpetuate the war economy. Consequently, these constructs were considered National Socialist organisations by the occupying powers and found themselves dissolved only three years later. More precisely, they were replaced by chambers of commerce and industry on the basis of the old state laws stemming from the Weimar period. Nevertheless, their future remained uncertain. Rather during the post-war period, any self-governing body under public law that prescribed both compulsory membership and fee-based contributions was often a target of attack. Although nobody seriously questioned their existence, many did, however, question their organisational form and tasks.

### **A New Beginning in the Post-war Period—New Role Definition for the Chambers**

In the immediate post-war period, planning considerations played a major role; more precisely, the idea materialised to transform chambers of commerce and industry into the institutional foundation of an administrative planning economy; this was also due to the fact that, in contrast to other public organisations, the chambers were able to function immediately after the end of the war. Moreover, it was obvious that reconstruction required local expertise, the skilled handling of transport issues and contacts in other economic regions—and the Chambers were able to offer all of this in one. This prominent role in reconstruction plans reaching back as early as 1945/46, however, was rather dangerous for the traditional form of economic self-governance associated with the Chambers. For it seemed to strengthen precisely those (socialist) forces that considered comprehensive economic planning (in the sense of 5-years-plans) to be desirable. Consequently, the aim was to design the Chambers as executive organs of an administered economy as well as instruments of economic planning and control. With the establishment of governmental economic offices and the rapid success of the social market economy following 1948, however, these voices soon fell silent. Nevertheless, the discussion as such demonstrated quite successfully just how uncertain the future of the Chambers remained at that point in time.

## **Different Approaches by the Occupying Powers, as Well as in German Politics and the Economy**

The occupying powers from the US, Russia, the UK and France contributed substantially to this uncertainty because, as in many other respects, they pursued different approaches. At this time, too, the primary point of contention was compulsory membership.

- Only in the French-occupied zone was compulsory membership never seriously at issue, given that the Chambers of Commerce and Industry were, in principle, originally French institutions.
- On the contrary, the British were in favour of a voluntary association; they acted pragmatically, however, and in November 1946 allowed the return to CCIs under public law with compulsory membership—but without obligatory financial contributions. This implied, that the Chambers were allowed to levy contributions from all companies subject to compulsory membership, but were not allowed to collect them by force.
- The Americans, like the British, were only familiar with chambers of commerce and industry in their country as organisations characterised by voluntary membership. They therefore categorically rejected any state coercion for their occupied zone—both in terms of their status as organisations under public law and the notion of compulsory membership underpinned by the obligation to pay contributions—and instead allowed the Chambers to operate solely on a private-law basis.

Moreover, German support for private chambers was notable at the time, first and foremost from Economics Minister Ludwig Erhard himself. He pleaded for the clear separation of state and economy and therefore preferred chambers organised under private law without compulsory membership. Even some trade associations themselves questioned the traditional system, meaning that—even within their own ranks—the chamber model was considered controversial. In particular, some of the Bavarian Chambers (finding themselves under American administration) seemed to have resigned themselves to their private-law status and wished to retain it. Consequently, they did not consider compulsory membership to be a necessity either.

Of course, demands for a private chamber of commerce and industry were largely tactical in nature. In fact, they served the goal of warding off the conversion of chambers into organisations with equal representation by employers and employees—a postulate of leftist political thinking by those figures who strove to strengthen the organisational position of employees. Such a transformation would have indeed substantially undermined the traditional self-governance of the business sector via the Chambers of Commerce and Industry.

## **Demand for a Nationwide CCI Law**

Simultaneously, however, the Chambers of Commerce and Industry also had to work out a negotiating position within their own camp—and more precisely with their member—entrepreneurs. Among them, the traditional chamber system premised on compulsory membership and contributions not only found supporters. On the one hand, it was necessary for the employers to stand united against the trade union demands co-determination, while on the other hand, it was in the organisational interest of the Chambers to maintain their previous functions. Accordingly, relations in the business faction (and especially between the DIHT as an umbrella organisation and its individual members) remained conflict-laden during the summer of 1950. Therefore, the future of the Chambers of Commerce and Industry was an integral consideration during the mass political manoeuvring that resulted from the co-determination discussion between leftist and liberal parties during the early 1950s. Finally, a Works Constitution Act (*‘Betriebsverfassungsgesetz’*) was decreed in parliament, which would go on to implement co-determination mechanisms within a company, but no longer at the inter-company-level (1952). This implied that equal representation of employers and employees within the Chamber was no longer an issue: It no longer made sense to bring about the comprehensive change in nature of the Chambers for that purpose.

## **Conclusion of the Discussion with CCI Law**

Since 1952, therefore, the uniform federal regulation of chamber law has established a front-and-centre position for itself. Despite the reservations of the Bavarian Chambers, the plenary assembly of the DIHT had opted in favour of designing future federal provisions on the model of the old Prussian Chamber of Commerce Act, that is, to organise them as self-governing bodies under public law with compulsory membership. Moreover, after 1952 the opponents of compulsory membership gradually found upon less sympathy, because co-determination had already been implemented at the company level; in the meantime, even the DIHT had unanimously awarded its support to the traditional organisational model. In that situation, the majority of political parties did not want to establish any policy against a clear vote by the Chamber organisations; even the prominent minister Ludwig Erhard no longer opposed it. In 1955, the CDU/CSU parliamentary group finally submitted a draft for a chamber law that essentially corresponded to the ideas of the DIHT and was no longer subject to any significant resistance. Nevertheless, even if it had lost its importance, the co-determination debate still influenced the terminology in use: the law of December 1956 was termed the *‘law on the provisional regulation of chambers of commerce and industry’*. Contrary to its name, however, the law proved to be rather permanent in character. Consequently, the Chambers of Commerce and Industry returned to their traditional development as public self-governing bodies with compulsory membership and contributions. Since

then, they have formed what has become a hugely uncontroversial institutional cornerstone of the German post World War Two ‘social market economy’.

**Box: We Thank Prof. Dr. Boris Gehlen, University Stuttgart, for this Contribution**

He researches and teaches economic and social history of the 19th and 20th centuries, entrepreneurial and corporate history, banking, stock exchange and financial market history as well as the history of economic order, regulation and (corporate) governance.

**Prof. Dr. Boris Gehlen, Photo Credit: private**



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**Interview: Leap into the modern age—looking back on 175 years of CCI for Munich and Upper Bavaria in the anniversary year 2018**

*One thing always remains the same in the history of the CCI: It helps the economy and, ultimately, the state to successfully meet the challenges of change. Dr. Eva Moser is keen to emphasise this. She is head of the Bavarian Economic Archive in Munich. In an interview she explains the history of the CCI for Munich and Upper Bavaria, which celebrated its 175th anniversary in 2018.*

**Dr. Eva Moser, Photo Credit: CCI for Munich and Upper Bavaria/Goran Gajanin\_Das Kraftbild**





**Dr. Moser, in April 1843, King Ludwig I approved the establishment of a Chamber of Commerce in Munich and appointed 12 representatives from the local trade, manufacturing and industrial sectors as its members. The CCI was born. What was the King thinking?**

In the middle of the 19th century, the economy underwent a major change, and industrialisation took off. The king recognised this change and wanted his country to cope with it, while also making the leap into modernity. To do this, he needed the expertise of the economy. He founded the Chamber of Commerce as an advisory body to his government.

**But the advisory task did not stop there?**

Correct. Ludwig II finally made the Chamber of Commerce a permanent institution in 1868. The business representatives were no longer appointed but elected by the business community itself into a general assembly and a steering committee. At the same time, the forerunner of today's primary office was created: There was now an "expertly trained secretary"—today's Chief Executive. In addition, the necessary "auxiliary staff" were to be recruited. This expansion made sense because the foundation of the German Reich in 1871, which Bavaria had joined, had created many new tasks that also affected the economy: the unification of currency, legal norms and even weights and measures. Here, the state needed the support of the economy. The chambers of commerce were also involved.

**Were the pillars of CCI work already apparent at that time? Representation of interests, service and sovereign tasks?**

In a certain sense, yes. The chamber of commerce provided information to the business community, advised the government and also represented the interests of the business community, and it participated in important governmental tasks—such as the introduction of telephony.

**Let us take a leap back to the time of National Socialism.**

That was, of course, a very difficult and terrible time. The chamber of commerce and industry was brought into line, the general assembly and the steering committee were reappointed and no longer elected. The CCI was also involved, for example, in the so-called "Aryanisation" of the economy, i.e. the suppression of Jewish tradesmen.

### **And after the Second World War?**

The CCI was one of the first institutions to re-commence its work. This enabled it to play a significant role in the reconstruction of the country. Initially on the basis of voluntary membership: The Americans, who were the occupying power in Bavaria, prohibited compulsory membership. Then, in 1956, the CCI Act came into force, which established the work of the CCIs to this day, by defining their tasks, making the model of the honourable merchant the standard of conduct and establishing compulsory membership.

**The fact that Germany in general and Bavaria, in particular, are so economically successful—is this also due to the CCIs?**

Absolutely. The self-governance of the economy, the representation of interests, the exchange between entrepreneurs via the CCI and the support of the primary office—all this enables the economy and makes it successful.

**Even today, the economy and the state are again facing many challenges...**

... and once again the CCIs will contribute when it comes to mastering them.

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## **Bavarian Business Archive—preserving the past for the present**

History never dies. But their testimonies are sometimes threatened by loss and decay. When companies want to rummage through their past, fill in any gaps or turn assumptions into facts—whether for a commemorative publication to mark an anniversary or to clarify old rights—then the doors of the Bavarian Economic Archives (BWA) are open to them, in addition to their own archives. This is because the joint institution of the Bavarian Chambers of Commerce and Industry contains records and documents from companies and business organisations which go all the way back to the beginning of the 18th century.

The “IHK-Wirtschaftsarchiv für München und Oberbayern” has been in existence since 1986 and, since 1994, it has been operated under the name “Bayerisches Wirtschaftsarchiv” by all Bavarian Chambers of Commerce and Industry jointly as a collective source of historical economic memory for the whole of Bavaria. The Bavarian Chambers of Commerce and Industry finance the work of the archive from their own funds, along with the support of a non-profit support group. Organised as a department of the CCI in Munich and accompanied in specialist technical matters by a scientific advisory board, the archive—with its 5.7 kilometres of shelving—is located in Orleansstraße in Munich.

The BWA is stocked with the archive holdings of the Bavarian Chambers of Commerce and Industry, as well as of those associations or federations of the Bavarian economy and traditional companies in the sectors of industry, trade and services. The collection comprises a wide range of corporate publications—from commemorative publications to annual reports, from general books and master craftsmen’s letters to films and portraits, from advertising material and catalogues to photos and posters. One particular treasure is business correspondence, from which

valuable conclusions can sometimes be drawn about data and business relationships. A highlight is the famous “Licence No.1”, with which the American military administration permitted the publication of the “Süddeutsche Zeitung” by politically untainted publishers on 6 October 1945.

**The BWA serves several purposes:**

- **Document collection:** For research and science, a comprehensive collection of visual, written and audio documents of Bavarian economic history is brought together in one place. This facilitates access and provides a comparative or complementary overview from which valuable insight can be gained.
- **Usable for all interested parties:** Companies, organisations, locations or even individuals can access documents from times gone by, including those concerning companies that have long since left the market or have been dissolved. The same applies to the reassessment of events in a current context, for example, when historical buildings and facilities are reused or rebuilt.
- **Transfer of old company documents:** If a lack of space, changes in ownership or company dissolutions call into question the retention of old documents, these can—instead of being destroyed—be transferred to the archive as documents of economic history and thus preserved for later use. BWA staff then sift through the documents handed over, ensure that they are properly stored in the archive’s climate-controlled warehouses and integrate the documents into a database.
- **Open to the general public:** The contents and of the archive are made accessible to the broader public through guided tours and lectures. For example, the Bavarian Business Archive also take part in the “Long Night of the Munich Museum”—an annual cultural event of the state capital Munich. In this way, it opens up broader perspectives and a new understanding of economic issues for all interested parties.

Time and again, research at the BWA helps when data and facts pertaining to the past of a company or organisation need to be clarified—or when social change forces a new evaluation of facts. On the occasion of its 150th anniversary in 2016, for example, TÜV SÜD once again looked through the 44 metres of shelved documents archived at the BWA from the perspective of the role of women in their own organisation—a topic that is interesting today but did not play a role in earlier commemorative publications.

Or there is material from the BWA that is used in history books to help put the role of the economy in perspective and acknowledge it. Examples of this are included in the chapter on the Rhine-Main-Danube Canal in the work entitled “100 mal Bayern—eine unterhaltsame Zeitreise vom Archaeopteryx bis zum Gogomobil” or the book “Ein Bier wie Bayern” on the history of the world-famous Munich Löwenbrauerei, published to mark the anniversary year of the Bavarian Purity Law. Even international publications now appreciate the archive treasures from Bavaria: For example, the special-interest model-making magazine “Nuts & Bolts” recently used a specialist article from the BWA to illustrate a rare picture motif.

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# Comparing the Chamber Systems— What a Colourful World

# 3

Gerd Mischler

Chamber models say a lot about how a democratic society wants individuals or groups of its members to regulate and represent its concerns. The answer is not the same everywhere, but at the same time, it makes it clear which understanding of corporate responsibility prevails in a particular society. The following chapter, therefore, begins by comparing the German chamber model with associations and forms of interest representation and economic self-governance in other countries. It then goes into the details of individual chamber systems: As examples of further forms of self-governance of the economy in Germany, it presents the Chambers of Trades and Crafts and, as a chamber of so-called free professions, the Bavarian Chamber of Architects. In order to be able to make a comparison with international alternatives, it then looks at Austria and the USA and presents the self-governance model of the Austrian Federal Economic Chamber and the Chambers of Commerce under private law in the USA.

- Chambers and more—organising the economy, representing interests
- Interview with Prof. Dr. Winfried Kluth: The German Chamber system—ensuring justice by the letter of the law
- The Chambers of Trades and Crafts—representing employers and employees simultaneously
- The Bavarian Chamber of Architects—guaranteeing solid building culture
- Austrian Economic Chamber—institutionalising consensus
- US Chamber of Commerce—having the freedom to take responsibility.

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G. Mischler (✉)  
Mischler & Partner, Landsberg am Lech, Germany  
e-mail: [gmischler@mischlerundpartner.de](mailto:gmischler@mischlerundpartner.de)

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## **Chambers and More—Organising the Economy, Representing Interests**

*In Germany, the chambers are institutions legitimised by the legislator. This is not the only way of organising business and representing its interests, both in Germany itself and in many other countries around the world—but it is a particularly effective way.*

Hardly any other country in the world has as many chambers of commerce as the Federal Republic of Germany. In addition to the Chambers of Commerce and Industry, in which all tradespeople manage their own affairs, the Chambers of Trades and Crafts, Chambers of Agriculture or the special Chambers of Employees (“Arbeitnehmerkammern”) in Bremen and Saarland, there are numerous chambers covering individual professions. These include the chambers of physicians, dentists, veterinarians, pharmacists and psychotherapists as well as those of the so-called free professions: lawyers and patent attorneys, tax consultants, notaries, auditors, architects and engineers. What they all have in common is that they are corporations under public law:

- They are established and dissolved exclusively by the legislature.
- There is a legal requirement for membership, but not always in the Chambers of Agriculture.
- The legislator is allowed to offer them guidelines and assign them certain tasks and privileges.
- They represent the interests of their members on a case-by-case basis and participate in the political decision-making and design process.

### **Different National Chamber Systems**

What does the chamber system look like in other countries? First of all, a look at Europe—its chamber system is as colourful as Europe itself, which is clearly illustrated in the anthology “Wirtschaftskammern im europäischen Vergleich” (2017) by Dr. Detlef Sack, Professor of Comparative Political Science at the Faculty of Sociology at Bielefeld University. A select few examples that Detlef Sack has compiled: Austria has a comparably broad chamber system as the Federal Republic of Germany, where functional self-governance was even enshrined in the constitution. In France, Italy, Luxembourg and Croatia, the chambers are institutions under public law with compulsory membership. In Greece, Slovenia or Spain, there was once compulsory membership with compulsory contributions, but this was abolished. So-called compulsory registration applies in Spain and also in the Netherlands and Hungary. In Finland, Lithuania, Estonia and Latvia, chambers under public law have been set up, although membership is voluntary. In Serbia and Albania, new chambers with compulsory membership have been established.

In the USA or Great Britain, there is no law that provides for the establishment of institutions in which entrepreneurs or members of individual professions self-govern and represent themselves. Particularly in the United Kingdom, Ireland and the USA, politicians and entrepreneurs often regard the German chambers as monopoly associations that hold so much power that they are incompatible with the principle of freedom of trade and thus a free market economy. Business and professional associations therefore only exist in these countries if private individuals have founded them. Accordingly, there is no law forcing entrepreneurs to become members of organisations that are more comparable with German associations.

### **Excursus: The British Professional System**

In British economic life, representatives of certain professions are essentially forced to be members of the profession's organisation. Otherwise, they are not allowed to practise their profession or to use certain additional titles awarded by the organisations in their professional title. For example, a British lawyer may only represent clients in court if he or she is a member of one of the four "Inns of Court". These self-governing bodies train lawyers to practice in court and decide on their admission as barristers. A tax adviser, in turn, may only use the suffix "CTA" in Great Britain if he or she is a member of the Chartered Institute of Taxation. Additions to a person's actual professional title are regarded in Great Britain as a sign of special professional competence and thus decide on a career and earning opportunities.

### **Chambers Versus Associations**

The (German) chamber system is therefore not the only way to organise the self-governance and representation of interests of those involved in economic life. At the same time, numerous associations exist in Germany itself, in addition to the chambers. These are usually registered associations and organised under private law in accordance with the relevant provisions of the German Civil Code (BGB). The right to found an association is based on the freedom of association guaranteed in Article 9 Paragraph 1 of the Basic Law (Grundgesetz) and can be claimed by any private individual.

### **Specificity of the Chambers in Germany**

This leads to the specificity of the chambers in Germany. Chambers are public corporations established by the legislator (and can also be dissolved again)—and thus represent an expression of the democratic principle of popular sovereignty: The economy has the right and the freedom to govern itself and to issue rules for its group members. At the same time, the legislator binds the chambers—in terms of the

respective chamber laws—to strict guidelines and subjects them to the requirements of the constitutional state and its applicable laws. As corporations under public law, the chambers are also part of the state structure. This is because they participate in the executive power of the state, which the state delegates to them in the form of sovereign tasks. In the sense of these public tasks delegated by the state, as well as their own rules, the chambers may exercise sovereign authority over their members—in the case of professional chambers, this can go as far as the withdrawal of the right to exercise the profession. In the case of chambers of commerce and industry, a comparable possibility is, for example, the withdrawal of the training or trade licence, which, however, should only be applied as a last resort—in keeping with the principle of proportionality.

The state supervises the chambers to ensure that they perform their tasks and exercise their freedom of organisation in accordance with the law. In the case of the chambers of commerce and industry, the Ministry of the Economy for the respective federal state exercises legal supervision.

## **Representation of Interests Using the Example of the CCIs**

In addition to the public services entrusted to them by the state, chambers usually have other tasks, especially the representation of their members' interests. In the case of chambers of commerce and industry, this is subsumed under the term “overall representation of interests”. The general representation of interests is the key concept here: A CCI represents the so-called “one-man-band” as well as the corporation with several thousand employees—without making any distinction. Just because a company pays a higher membership fee or is more important to the region in question, this does not automatically impact on a position adopted by the CCI. In its opinion-forming process, the chamber is therefore obliged to determine, weigh and balance the positions and interests of its members. If the views of individual member groups deviate significantly from the majority opinion, the chamber must point this out in its statements. In public discussions, the chambers are obliged to be objective. The position of the chamber as a whole is discussed and decided by the democratically elected general assembly. This should be a mirror image of the chamber district. All members may elect their representatives or put themselves up for election.

## **Compulsory Membership as a Basis**

While the advantages of the chambers are obvious, the compulsory membership they require is nevertheless controversial. Without compulsory membership, however, the representation of interests, in particular, would not function—a position argued by the German Chambers of Commerce and Industry, which received backing from the Federal Constitutional Court in Karlsruhe in 2017: This is because, without compulsory membership, the composition of the members would depend too much



on chance—and thus also the formation of opinion and participation. On the other hand, compulsory membership enables the chambers to take up and represent all economic policy perspectives that exist in the chamber's district. At the same time, they fulfil public tasks, according to Germany's highest judges.

### **Specific Characteristics of Private Law Associations in Germany**

Associations do not know all these specifications. Every private person can found an association. Associations are only legitimised by the rules that the members—who voluntarily organise themselves—acknowledge in their statutes. Therefore, unlike chambers of commerce, they may not as a rule exercise state authority, that is sovereign tasks, and do not serve the self-governance of the members organised in them, but only the representation of their interests. This is also a major reason why associations organised under private law do not play the same role for the vocational training system in their countries as the chambers under public law in Germany.

Associations under private law can choose whom they want to admit as members. They are not required by law to take minorities into account in their opinion-forming process and, unlike the chambers, they can present their positions in a more polarizing and polemical manner. Nor are they obliged to balance the interests of their members. Thus, members with significant economic importance will generally also have more influence on the opinion-forming process and assert their individual interests accordingly.

### **Private Law Business Associations in the USA**

If the chamber model in Germany is one of several models, other states completely refrain from establishing chambers committed to democratic principles and leave it to social forces themselves to organise their representation of interests. This is described using the example of the United States of America: Here, entrepreneurs and workers exercise their fundamental democratic right of freedom of association. It is true that, in this way, it is possible to avoid the emergence of corporations which—according to the Americans' standpoint—may become over-powerful through the transfer of state power and democratic legitimisation. However, from the point of view of those in favour of the chamber, the organisations formed as an alternative again have some disadvantages. For example, in those interest groups set up under civil law and dependent on the financing of their members, financially strong members can often exert more influence than members who do not have the corresponding funds. The positions that such associations bring to the political opinion-forming process are therefore not representative. On the contrary, they may be the expression of the views of individual large companies that have pushed through their special interests by threatening to leave the association. Since such

associations are not bound to the confines of objectivity, they can also usually bring their positions into the public debate in a more pointed form, which is more likely to be noticed there than through the balancing of opinions within chambers under public law—which can, however, sometimes also make it easier to represent the political interests of the members. A further disadvantage is that chambers that rely on the contributions of their members cannot develop the same range of services as chambers with compulsory membership. This is because, in order to build up the necessary staffing capacities, the organisations would have to be able to rely on permanently calculable income.

Conclusion: In an international comparison as well as in comparison to the work of the associations: In Germany, the chambers have proven to be a lasting practice and purposeful for the benefit of the economy, not only in terms of self-governance and the representation of interests but also through their services and their ethical standards rooted in the model of the honourable merchant.

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### **Interview: The German Chamber System—Ensuring Justice by the Letter of the Law**

*The German Chambers of Commerce and Industry, Chambers of Trades and Crafts and Professional Chambers guarantee the representation of the political interests of all their members. They benefit from this as well as from the execution of administrative tasks that the state has assigned to the chambers. An interview with: Professor Winfried Kluth. The former judge at the Constitutional Court of Saxony-Anhalt is Chairman of the Board of the Institute for Chamber Law in the city of Halle and teaches public law at the University of Halle-Wittenberg.*

**Prof. Dr. Winfried Kluth, Photo Credit: Private**



**The Chambers of Commerce and Industry form part of the indirect state administration in Germany, just like the Chambers of Trades and Crafts and the Chambers of Free Professions. Why does the state relinquish sovereign rights and allow parts of society to administer their own affairs themselves?**

At first glance, the state may appear to be giving up administrative, design and control powers by establishing the chambers. In return, however, it obliges the persons and companies represented in these organisations to participate in state tasks by advising the state with their expertise, or by performing state tasks themselves, for example by keeping registers and conducting inspections. This enables the state to perform the tasks reserved for itself with a higher degree of quality.

**What exactly do the chambers do for the state?**

The chambers provide the state with representative opinions on economic legislation and relieve the state administrative function by performing sovereign tasks.

**Does it not receive this from associations?**

Due to the fact that membership to an association is voluntary, not all traders or representatives of a profession are organised in them. This is not representative.

**And in the chambers?**

Compulsory membership ensures that all tradesmen, craftsmen or freelancers are represented in the organisation. In this way the chambers represent the interests of these professions. The state is therefore better informed when it receives opinions from these organisations. All the more so, given that the chambers are also obliged to be particularly objective when preparing positions.

**Why do the members of the chambers benefit from this?**

Because they have the guarantee that their voice will be heard. Because the Federal Constitutional Court obliges the chambers to take into account the interests of all their members in their opinion-forming processes and in their respective statements. Chambers are thus a way of ensuring by law that justice prevails between large and small companies in the representation of their interests.

**How do the chambers put this into practice?**

Of course, the democratic majority principle also applies in chambers when making decisions. However, unlike associations, they are obliged to point out if a significant proportion of their membership views deviate from the majority position. On the other hand, an association can commit itself to a one-dimensional position on the basis of the majority decision taken.

**It is understandable that equal opportunities within the chamber are in the interest of the members. But why should chamber members also finance administrative tasks through their obligatory contributions, which the state should actually carry out?**

Through the chambers, the state lets those tasks be performed by those who have the necessary expertise and practical experience and who are affected by the tasks at hand. The parts of a society organised in the chambers can deal with their concerns more competently than the state can. Self-governance also ensures them a high degree of autonomy and thus democratic freedom. The alternative would be to increase the size of the authorities and to build up the expertise in state

administration required to carry out the relevant tasks. This is expensive and must be financed by taxes, which are ultimately paid again by the members of the chamber. The claim that a chamber system without compulsory membership would be cheaper for companies is simply window dressing. Last but not least, there are areas in which it would hardly be possible for the state to perform tasks of the same quality as the chambers.

**Namely which ones?**

In the entire field of vocational training, for example. This is where the German chamber system offers companies enormous advantages.

**Why?**

This is because the state is far too removed from the practical side of the business to be able to sensibly take over the practical side of vocational training within the dual vocational training system. This also strengthens German companies in an international comparison, as they can more easily meet the increasing international shortage of skilled workers. And because other countries lack a comparable training system, youth unemployment is also significantly higher there.

**Professor Kluth, thank you very much for this interview.**

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## **The Chambers of Trades and Crafts—Representing Employers and Employees Simultaneously**

*While the Chambers of Commerce and Industry only represent entrepreneurs, i.e. exclusively the employers' side, the Chambers of Trades and Crafts represent the interests of craftsmen organised as enterprises, but also the interests of the employees who work there. At the same time, they, like the Chambers of Commerce and Industry, support their members with many services and public benefits delegated by the state.*

Craftsmen manage their concerns in Germany across 53 Chambers of Trades and Crafts—or “HWKs” for short—as well as the trade associations and guilds of the individual crafts. The chambers represent the interests of all trade enterprises in their district—regardless of the craft they practice. In addition to the Chambers of Trades and Crafts, there are also guilds in the skilled crafts sector. The craft enterprises of a particular trade union are organised within these guilds—for example, carpenters, bricklayers, automotive mechatronic technicians or instrument makers. Both the Chambers of Trades and Crafts and the guilds are public corporations. The system thus combines the approaches of occupation-specific self-governance, as is the case with the chambers of the free professions, with a single chamber covering all craft trades. In some cases, there are close ties between the guilds and the chambers of trades and crafts in terms of personnel, given that individual honorary officers hold offices in both bodies.

## **Compulsory Membership and Definition of Membership**

While owners of craft enterprises join the guilds voluntarily, they are by law members of the Chambers of Trades and Crafts—just like their apprentices, and other employees who have completed vocational training as well as owners of craft-like enterprises. This is regulated in the Crafts Code (“Handwerksordnung”) and distinguishes the Chamber of Trades and Crafts from the Chambers of Commerce and Industry, in which only employers are members.

### **Crafts Code as Basis**

A business belongs to the skilled crafts if it is listed in one of the annexes to the Crafts Code—the equivalent of the Chamber of Commerce and Industry Act. There, 41 trades requiring authorisation are listed in which proof of qualification is required for independent practice. As a rule, this is the master craftsman’s certificate, but there are exceptions to this. The master craftsman is the highest qualification to be achieved in the craft. It follows on from journeyman training, which takes place in the dual vocational training system, and presupposes training as a master craftsman, culminating in the master craftsman examination. In addition, the annexes to the Crafts Code list 52 crafts that do not require a licence and 54 craft-like trades for which no proof of qualification is required for independent practice.

### **Rules of Participation for Employers and Employees**

According to the Crafts Code, employees hold one-third of the mandates in the bodies of the chambers of skilled crafts, while employers hold two thirds. Exceptions are vocational training and journeymen’s examination committees, in which more than one-third of the members can also be appointed by the employees.

### **Election of the General Assembly by Pro Forma Election Without Ballot**

Like the Chambers of Commerce and Industry, the Chambers of Crafts also have a general assembly, which is elected by the self-employed craftsmen, the journeymen and other employees who have completed their vocational training and who are employed in the craft trades, and which represents them accordingly. A special feature here is the pro forma elections, which are provided for as a procedure for electing the general assemblies in Section 20 of the electoral regulations. In the case of pro forma elections, the actual ballot is omitted if only a single list has been drawn up for the election, which contains exactly the same number of candidates as there are seats to be filled in the general assembly. The election proposal must also

contain at least as many employee representatives as there are seats to be filled in the general assembly. If the list meets these requirements, the candidates named on it shall be deemed elected without any electoral action being required.

## **Political Representation of Interests**

By law, the Chambers of Crafts are obliged to comment on all draft laws relevant to skilled crafts. Given that the chambers represent both employees and employers, they must not only balance the interests of all craft enterprises and sectors but also represent the concerns of entrepreneurs and employees alike.

## **Further Tasks Under the Crafts Code**

In addition to representing their interests, the chambers of crafts have other tasks to fulfil: They are responsible for the legal supervision of the guilds. They advise and support the authorities in craft matters with statements of opinion. Like the Chambers of Commerce and Industry, the Chambers of Crafts issue certificates of origin and advise their members on business and legal issues. They also maintain the Register of Craftsmen, in which anyone who has a legal claim—because he or she meets the requirements—must also be registered.

## **Role of the Chambers of Crafts in Vocational Training**

A special focus of the Chambers of Crafts results from their training mandate within the framework of the dual vocational training system. Thus, they manage the so-called apprentice roles. In these roles, the chambers record all training relationships in their district. They also set up journeymen's examination boards, issue examination regulations for the journeymen's examinations and approve them. Trainees in the craft trades complete their training with the journeyman's examination. The Chambers of Crafts also regulate the conduct of the master craftsman examinations.

The master craftsman's examination is the most important further training examination in the skilled crafts. It is the seal of quality for entrepreneurs and managers within skilled crafts. The master craftsman's examination consists of four independent parts: Professional practice, professional theory, business administration and law as well as vocational and work education. In the practical part of a master craftsman's examination, a master craftsman examination project must usually be carried out. The master craftsman examination project consists of the planning, implementation and control of a typical, demanding professional product or business process or service.

**Box: A Brief Look at the Legal Basis**

According to Section 91 of the Crafts Code, the task of the Chamber of Trades and Crafts is in particular:

- to promote the interests of the craft trades and to ensure a fair balance between the interests of the individual crafts and their organisations,
- to support the authorities in the promotion of the craft trade sector by providing suggestions, proposals and expert opinions, and to submit regular reports on the conditions of the craft trade sector
- to play a leading role in the craft trade
- to regulate vocational training, to lay down the underlying rules, to monitor its implementation and to maintain an apprentice register,
- to adopt rules on examinations in the context of vocational training or retraining and set up examination boards for this purpose
- to issue apprenticeship examination regulations for the individual trades, to set up examination boards for the acceptance of the examinations or to authorise trade guilds to set up examination boards and to monitor the proper conduct of the examinations,
- to issue master craftsman examination regulations for the individual crafts and to manage the affairs of the master craftsman examination board,
- to establish equivalence
- to promote technical and business management training for master craftsmen and craftsmen, in order to maintain and increase the efficiency of the craft trades in cooperation with the guild associations, to create or support the necessary facilities for this purpose and to maintain a trade promotion office for this purpose,
- to offer measures for the promotion and implementation of vocational education and training, in particular vocational preparation, vocational training, further vocational training and vocational re-training, as well as further technical and business management training, in particular certificates of competence and examinations of expertise in accordance with the statutory provisions, in accordance with the provisions of the accident insurance institutions or in accordance with technical standard regulations in cooperation with the guild associations
- to appoint and swear in experts to give expert opinions on goods, services and prices maintained by craftsmen and women
- to promote the economic interests of the craft sector and the institutions serving them, in particular the cooperative system,
- to promote design in the craft sector,
- to set up mediation bodies to settle disputes between owners of a craft business and their clients

- to issue certificates of origin for products manufactured in craft industries and other certificates used in commercial transactions, unless legislation assigns these tasks to other bodies,
- to take or support measures to assist craftsmen or other workers in need, who have completed vocational training.

## **The Bavarian Chamber of Architects—Promoting Building Culture**

*If the CCIs represent companies, the Bavarian Chamber of Architects—as an example of another chamber organisation—is defined as a professional association. Its tasks are comparable with those of the CCI: It assumes public tasks assigned by the state, it represents interests, ensures a high quality standard with an extensive further education and training programme and offers information material and consulting services.*

The Bavarian Chamber of Architects represents everyone who practises the profession of architect, interior designer, landscape architect or urban planner—irrespective of whether they do so on a freelance basis, as an employee, civil servant or on a construction-related basis. Membership of the Chamber is compulsory for all these individuals. This is comparable to the other chambers supporting the so-called free professions—for example, doctors, non-medical practitioners and psychotherapists, lawyers, tax consultants or auditors.

## **Protected Professional Title Through the Chamber’s Own List of Architects**

Only those who are registered in the list of architects or urban planners maintained by the Bavarian Chamber of Architects in the relevant field, or who are members of another state chamber of architects, may use the protected professional title of “architect”, “interior architect”, “landscape architect” or “urban planner” and/or other related phrases. This is regulated by the Bavarian Construction Chamber Act. Only those who live in Bavaria, run an office there or have a predominant occupation, who have successfully completed a corresponding course of study in the relevant field and can also provide evidence of at least two years of professional experience are registered. Degrees can be obtained as a Bachelor or Master, and in the field of architecture a minimum of four years of study is mandatory; for the other fields a minimum of three years of study is mandatory. Whether the



registration requirements are met is determined by an autonomous registration committee, which for organisational reasons is based at the Chamber. The Chamber may impose a fine on anyone who unjustifiably uses one of the protected professional titles mentioned above. Conversely, consumers can therefore rely on the fact that the person registered in the list of architects or urban planners is actually technically qualified and entitled to use the legally protected professional title.

### **Legal Obligation to Protect the Profession's Reputation**

The delimitation criterion for compulsory membership of the Chamber of Architects is not, as in the case of the Chambers of Commerce and Industry, the type of business a person runs, but rather the profession he or she practises. For this reason, the range of tasks of the chamber—as with all other chambers supporting the free professions—is much more closely tailored to the needs of the profession. Together with the Bavarian Chamber of Structural Engineers, the Bavarian Chamber of Architects is obliged to “...safeguard the professional interests of all its members as well as the reputation of the profession [...] and to monitor the fulfilment of professional duties.” On the one hand, this obligation is the result of the democratic conviction that members of the free professions are entitled to determine autonomously in their self-governing bodies the principles and rules according to which services are rendered by members of their profession. On the other hand, architects, like representatives of other liberal professions, have a vital interest in this self-regulation when it comes to quality assurance. This is because, if they do not meet the requirements they have defined, the reputation of their profession in society as a whole will suffer.

### **Privilege of Comprehensive Right to Submit Building Applications Only for Members of the Chamber**

The Bavarian legislator supports this professional quality management by having included in the Bavarian Building Regulations (Art. 61 BayBO) that a limit is placed on the circle of persons who are allowed to prepare the necessary documents and plans when applying for a building permit. Authorities issue a refusal to builders if they enclose plans with their building application that have not been submitted by persons who are not entitled to present them. Persons who are entered in the list of the Bavarian Chamber of Architects as “Architects” or in the list of engineers entitled to submit building documents maintained by the Bavarian Chamber of Structural Engineers are entitled to submit building documents. The right to submit a building application, which is limited to certain small and medium-sized building projects, is also granted to successful graduates of a degree course in architecture or civil engineering, to state-certified building technicians and to master craftsmen in the fields of bricklaying, concrete construction and carpentry.

## **Support for Professional Courts by the Chamber of Architects**

In order to ensure that the members of the Chamber also comply with the quality requirements when exercising their profession, the so-called “Baukammergesetz” (Construction Chamber Act) provides for the establishment of professional courts. These are instances of the Bavarian state justice, which are independent of the Bavarian Chamber of Architects. However, the Chamber is obliged to support the professional courts in their work. Thus, the Board of the Chamber must propose assessors for the professional courts to the competent regional courts. The courts conduct disciplinary proceedings against architects who violate the professional obligations imposed on them by Article 24 of the Construction Chamber Act. Therein it states: “The members of the chambers are obliged to exercise their profession conscientiously, to live up to the trust placed in them in connection with their profession and to refrain from doing anything that could damage the reputation of their profession. They are in particular obliged,

- to further their professional development,
- to behave as colleagues and refrain from unfair competition,
- to insure themselves sufficiently against liability claims.

The close cooperation between the Chamber of Architects under public law and state jurisdiction (professional courts) makes clear the special role of the chamber under public law as a self-governing body between state and society.

## **Disciplinary Options**

The Board of the Chamber may reprimand the conduct of a chamber member who has breached the professional duties incumbent upon him/her, if the infringement is deemed minor. If, in exceptional cases, a chamber member violates professional duties in a significant way, either the Board of the Chamber of Architects or the member can apply for the initiation of professional court proceedings against himself. The professional courts are thus an important instrument, even if these extreme cases are rather rare in practice. The measures that professional courts can impose in the event of an infringement span all the way up to the deletion of a member’s entry in the list of architects, which comes very close to banning them from their profession.

## **Settlement of Disputes Before the Chamber**

In addition to its involvement in the professional courts, the Bavarian Chamber of Architects is obliged as per the Construction Chamber Act to assist in the settlement of disputes arising from the professional practice of its members with other chamber members or third parties—for example, when clients and architects are in dispute

over fees or the performance of certain services. The Chamber is therefore obliged to set up a conciliation committee. By offering clients the opportunity to find an amicable solution to conflicts with members of the chamber, the Bavarian Chamber of Architects also fulfils its legal obligation to “...protect the reputation of the profession [of architects]”. The committee is headed by a former judge. To ensure that not only legal but also technical expertise are represented, chamber members lend their support to him or her as assessors. The committee is recognised as a conciliation body within the meaning of the Code of Civil Procedure. Any settlements and agreements reached there are therefore just as legally binding and enforceable as judgements issued in an ordinary court.

### **Statements of Opinion on the Laws**

In order to adequately represent the concerns of the profession of architects, the Chamber is obliged by the Construction Chamber Act to advise authorities in all matters relating to the building industry and to comment on draft laws and standards, if these are deemed to concern the work of the Chamber members. Examples include the law on architects’ contracts, the remuneration of services as well as public procurement and competition law. In order to participate in the development of building regulations in Germany, the Chamber sends its own experts to all building-relevant committees and working groups of the German Institute for Standardization. (DIN)—The most important institution for the development of technical standards in the Federal Republic of Germany and the German representation in the International Organization for Standardization or ISO.

### **Information and Consulting Services**

Naturally, the Chamber of Architects also offers its members extensive information material and numerous consulting services in return for their compulsory contributions. These are also geared much more towards the needs of the profession of architects and urban planners than can be the case with advice from the Chambers of Commerce and Industry. In addition to specialist publications, leaflets and working aids for contracts, the specialist departments in the Chamber answer questions on issues such as the Ordinance on Fees for Architects’ and Engineers’ Services (HOAI), provide support when concluding architects’ contracts, advise on the application of building law standards and regulations—for example, when members have to calculate the legally required number of parking spaces for a new building or plan the design of fall protection systems. The Chamber advises on fire protection requirements or static and structural issues. To enable its members to fulfil their legal obligation to continue their education, the Chamber also maintains an academy for further education and training. With many years of support from the

Ministries, the Chamber also offers its members, those directly affected, building owners, cities and municipalities free initial consultations on accessibility, energy efficiency and sustainability and supports municipalities in setting up temporary design advisory boards. It provides advice on tender and competition procedures.

## **Representative Meeting in Place of a General Assembly**

In addition to an office with full-time staff, voluntary work also plays an important role at the Bavarian Chamber of Architects. The legal basis of the Bavarian Chamber of Architects largely follows the same democratic principles as the German Chambers of Commerce and Industry. For example, every five years the current 24,500 Chamber members in Bavaria elect 125 representatives to the Bavarian Chamber of Architects' representative meeting, which is comparable to the general assembly of the Chambers of Commerce and Industry. Its members exercise their mandate on an honorary basis and meet at least twice a year. They elect the committees for the determination of the professional Code of Conduct, the election regulations, for finances and welfare as well as for auditing. Budget planning is also the responsibility of the representatives' assembly. In addition, it elects the Board as the Chamber's executive body, headed by the President. The President represents the Chamber in public and chairs the meetings of the Board.

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## **By Way of Comparison: The Austrian Federal Economic Chamber—Institutionalising Consensus**

*In many areas the Austrian Federal Economic Chamber functions in almost exactly the same manner as the German CCI (IHK) organisation: It performs public tasks assigned by the state, provides services and represents the overall interests of its members. But there are also some differences: For example, it unites trade and industry and crafts and negotiates collective bargaining agreements.*

The right of business to govern itself has a constitutional basis in Austria as a southern neighbouring country of Germany. Article 120a, Para. I of the Austrian Federal Constitutional Law states "Persons may be grouped together by statute into self-governing bodies for the independent performance of public duties which are in their exclusive or predominant common interest, and which are suitable for being jointly provided by them."

## **Member Mix from Trade and Industry and the Skilled Trades**

In the Austrian Federal Economic Chamber (WKÖ), the legislator of the Alpine Republic has brought together all commercial entrepreneurs and craftsmen on the basis of this paragraph. As a unified chamber, the WKÖ thus maintains a

monopoly, unlike German Chambers of Commerce and Industry, to represent almost all entrepreneurs in the country—apart from farmers and representatives of the so-called free professions. Austria, like Germany, has also created its own chambers for these professions.

### **Complex Structure of Chambers and Professional Organisations**

The structure and tasks of the individual chambers are regulated in Austria and Germany by relevant chamber laws. According to the Chamber of Commerce Act dating from 1998, there are economic chambers in the nine Austrian federal states in addition to the Austrian Federal Economic Chamber (WKÖ). Both the Federal Chamber (WKÖ) and the Chambers of Commerce in the states are divided into **seven divisions**: Trade and Crafts, Industry, Commerce, Banking and Insurance, Transport and Traffic, Tourism and Leisure Industry as well as Information and Consulting. The divisions are, in turn, subdivided into professional organisations representing individual sectors and professions accordingly. In the state chambers, these are referred to as professional groups and in the Austrian Federal Economic Chamber, they are called professional associations. In each state chamber, there are between 90 and 100 of these different forms of representation. In the WKÖ there are 93 corresponding professional associations. If the respective profession in a federal state is too small to justify an independent professional group, the professional association of the Federal Chamber represents its interests.

All forms of industry representation are independent corporations under public law, as are the state chambers and the Federal Chamber. The Austrian chamber model is thus also characterised by an extremely high degree of self-governance in the individual sectors, as required by law. The tasks in the area of activity delegated to it include the management of the master craftsman examination offices in the chambers of commerce, involvement in the field of apprenticeships or the issuance of certificates of origin. These tasks have been transferred to the state chambers under directional leadership by the state authorities. In the Federal Republic of Germany, outside the craft trades, in many cases trade associations constituted as associations under private law fulfil the tasks of the Austrian industry corporations.

Austrian entrepreneurs are generally members of at least four such bodies. They are members of the state chambers of each federal state in which they maintain business premises. They are also members of the Austrian Federal Economic Chamber (WKÖ) as well as of the representatives of their branch at both provincial and federal level. In all these self-governing bodies, membership is compulsory.

## **Structural Legitimation**

As complex as the structure of the chambers in Austria may be, the high degree of organisation gives the federal chamber a tremendous degree of legitimacy. Given that the WKÖ is linked by law to the state chambers and the individual industry representatives, it can claim to be the mouthpiece of the entire Austrian Chamber of Commerce organisation. In view of the fact that almost all laws affecting the economy in Austria are passed at the federal level, this legitimacy is of particular importance for the WKÖ.

## **Contributions and Obligation to Contribute**

Contributions based on an obligation to contribute consist of three levies: The first is calculated by the chambers for enterprises that have a net turnover of at least EUR 150,000 per year, based on the input tax volume of the enterprises. Another levy is based on the sum of all wages and salaries paid by the member. Thirdly, the member pays a basic levy to his or her industry representative.

## **Representation of Interests via the Vienna Economic Parliament**

The obligation to contribute is matched by the possibility to vote in elections to the Chamber bodies, or to be elected to them. The most important body of each Austrian Federal Economic Chamber is its Economic Parliament. This can be compared to the general assembly of a German CCI. Chamber members elect their representatives to the Economic Parliament every five years. The elected “functionaries” carry out their mandate on an honorary basis. Their most important task is to elect the presidency of the chamber in each legislative period. Together with the “chairmen” of the seven “divisions” mentioned above, the presidency as “steering committee” decides, among other things, on the strategic orientation of the Chamber, its fee statutes and the establishment of arbitration courts.

## **The Representation of Interests in Practice**

The WKÖ, as a federal chamber, also has the special task of representing the interests of trade and industry and the skilled trades in the political opinion-forming process of the Alpine Republic, at both a federal level and vis-à-vis the EU. Section 10 of the Chamber of Commerce Act grants the WKÖ the right to examine draft laws and regulations and to comment on them before they are introduced into the Austrian Federal or EU Parliament.

As with the German CCIs, the Austrian chambers are obliged to take into account the interests of all their members. According to Section 59 of the Austrian Chamber of Commerce Act, the Austrian Chamber of Commerce, like any other chamber in the country, must balance the interests of all companies represented in the Chamber when preparing an expert opinion or statement on a legislative proposal. In a multi-stage process, the industry organisations in the individual federal states first submit comments on the legislative project in the division of the state chamber responsible for them. Based on the position papers submitted, the respective state chamber then prepares a joint statement. It submits this to the WKÖ. The WKÖ then draws up a joint position at the federal level based on the views of the nine-state chambers and the seven federal divisions. If the interests of minorities among the chamber members deviate from the positions expressed in the majority resolutions, the representatives of the minority opinion can, at any stage of the opinion-forming process, demand that their deviating opinion be attached to the majority resolution “as a minority vote”.

### **Wide Range of Services**

In addition to their rights of participation, Austrian entrepreneurs receive a range of services from their federal chambers of commerce for their compulsory contributions, covering all questions concerning setting up and running a business. The range of services offered is comparable to that of German chambers of commerce and industry. Similar to the German CCIs and Chambers of Trades and Crafts, the Austrian Chambers are also responsible for the practical management of dual vocational training. The Austrian state has also delegated to them the task of conducting examinations for master craftsman’s diplomas and issuing ordinances on the examination material used in the individual training courses. Like the CCIs, they also issue certificates of origin of goods. The Austrian Chambers also send or appoint lay judges and assessors for the labour, social and commercial courts as well as representatives to advisory boards of public authorities. Thus, entrepreneurs in Austria as well as in Germany are obliged to support the state in the performance of its tasks with their expertise and practical experience.

### **Foreign Trade Centres of the WKÖ**

Abroad, 110 foreign trade centres linked to the WKÖ support Austrian companies. They offer largely the same services as German AHKs. However, the Austrian foreign trade centres are institutions of the WKÖ—not organisations in which entrepreneurs from Austria and the host country can become members.

Thus the range of tasks of the Austrian Chambers of Commerce largely corresponds to the work of German Chambers of Commerce: both with regard to the services they offer and their work as self-governing bodies and representatives of the interests of the business community. But there are also some fundamental

differences. For example, one of the central tasks of the chambers and professional organisations is to try to enforce the common interests of the people they bring together, including vis-à-vis the social partner.

## **WKÖ as a Partner in Collective Bargaining**

The WKÖ fulfils this obligation by negotiating roughly 650 collective agreements with the Chambers of Austrian Employees every year. In the Alpine Republic, 98% of all employees are employed under a collective agreement. Thanks to the social partnership between employers' and employees' representatives, the negotiations of agreements in Austria generally proceed more peacefully than in almost any other country. Only in Slovakia, Japan and Switzerland do employers lose even fewer working days per year than in Austria due to strikes. The core of the Austrian social partnership is the conviction held by both parties to the collective bargaining process that they are pursuing a common economic policy goal in the long term: to increase the prosperity of society as a whole. Since the 1950s, this agreement has led to the parties conducting collective bargaining in a constructive manner and without dramatic strikes.

## **Proximity to Politics**

The social partnership is as much an expression of Austrian “consensus democracy” as the traditionally close proximity between the country’s chambers of labour, agriculture and economy and its politicians. Neither the Austrian parties nor the laws governing the chambers envisage any provisions that would prohibit chamber employees or officials from holding political office. The resulting close interdependence between chambers, parties and politics is something that the parliamentary groups in the National Council, in particular, like to take advantage of. When concerning controversial legislative projects, they instruct the social partners and thus also the expansive chambers to discuss the project outside parliament and to find a consensus that can be adopted in the National Council. This proximity between politics and the self-governing bodies of the economy is a fundamental difference between the German and the Austrian chamber model.

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## **By Way of Comparison II: US Chamber of Commerce— Having the Freedom to Take Responsibility**

*In the USA, too, the chamber movement was based on the idea that the economy aids itself and the state. In the meantime, this has become the largest business association in the world. But unlike the chambers in Germany and Austria, they are*



*strictly organisations under private law that focus primarily on lobbying for their members.*

The United States does not know the principle of self-governance. Given that Americans consider freedom to be the greatest possible form of independence from state interference in the private sphere, the executive branch in the USA has traditionally not been particularly strong. Rather, the state leaves civic society a great deal of freedom in which it can regulate its own affairs. In return, this requires a high degree of private initiative and assumption of responsibility. In the USA, there are thousands of local chambers of commerce. They often stem from initiatives founded by private entrepreneurs. However, none of these organisations has the legal form of a public corporation.

The country's most important trade association, the US Chamber of Commerce, is also a non-profit organisation. It can, therefore, be compared more to the Federation of German Industry ("Bundesverband der Deutschen Industrie") than to a German Chamber of Commerce and Industry. It cannot be assigned any tasks under public law such as the institutionalised rights of participation in the vocational training system for the chambers under public law in Germany.

### **Support of the State as the Starting Point for the US Chamber of Commerce**

However, motives played a role in its foundation, which also led the German states and the Austrian Empire to transfer state sovereign rights to the business community when the chamber system was created in the 19th century. In 1912, President William Howard Taft invited around 700 representatives of US businesses to a conference in Washington. "We want your assistance in carrying on the government in reference to those matters that affect the business and the business welfare of the country [...] we need your assistance and we ask for it" the president told the assembled business leaders. According to Taft, the best way to provide the state with expert advice on its administrative work is to form a trade association. The entrepreneurs followed his advice.

### **Complex Private Law, Global Structure**

Today, the US Chamber of Commerce is the largest business association in the world. It has around three million member companies. In total, there are 26 million companies in the United States. 96% of Chamber members are small and medium-sized enterprises. Among its members are also 830 trade associations, 3,000 local US Chambers of Commerce and 87 American Chambers of Commerce (AmCham) from abroad. They are not departments or spin-offs of the "parent institution" in Washington, D.C., but rather are independent organisations that stem from initiatives by private individuals in the respective countries.

The AmChams have regulated their constitution according to the private law in force in their host countries. Thus, AmCham Germany is a registered association—whose statutes are based on the German Civil Code (BGB).

### **Administrative Council as an Influential Body**

This freedom of design often grants the administrative council a great deal of influence in the structure of the AmChams. In principle, the management of an AmCham is the responsibility of the administrative council. The Board consists of the President, the Executive Vice President, six Vice Presidents and a Treasurer. In addition to the Board, there is the administrative council which supervises and advises the Board. In addition to the members of the Board, who are *ex officio* members of the administrative council, the administrative council itself consists of at least 20 members. Thus, the Chief Executive and the Board of AmCham Germany are bound by the instructions of the administrative council. The Board also sets up the committees in which the chamber prepares its political work. However, there is currently only one medium-sized company on the Board of AmCham Germany. The Board and administrative council are elected by the members.

### **Voluntary Membership**

The American Chambers of Commerce also do not have compulsory membership. Thus, they do not offer a democratic representation of all traders or representatives of a profession, unlike their German counterpart. Also, the admission as a member does not follow democratic principles. At AmCham Germany, for example, the Board decides by simple majority on the written application for admission of an interested party. In certain cases, the administrative council can also expel members with a qualified majority. Both companies and individuals can become members.

### **Political Lobbying**

As a result, only companies that expect a tangible benefit from the work of the organisation are members of the Chambers. Mostly, they wish to influence the political agenda through the associations. In the case of the US American Chamber of Commerce, the benefits of membership also depend on the financial strength of a member. The Chamber of Commerce offers three forms of membership that allow companies to gain access to a wide range of information and decision-makers within the Chamber.

Without compulsory membership, the US Chambers cannot finance themselves through mandatory contributions. On the one hand, this forces them to make considerably greater efforts to attract members. On the other hand, they cannot offer

them the same range of services as German Chambers of Commerce and Industry. Many AmChams outside the USA lack the reliable cash flows needed.

### **Voice in Washington D.C.**

According to the US Chamber of Commerce, services are also not what their members expect from them. Rather, they want to benefit from the Chamber's lobbying work. "They all share one thing—they count on the Chamber to be their voice in Washington, D.C.", is what the association discovered. It fulfils this task quite intensively. With almost 92 million US dollars, the US Chamber of Commerce spends more on lobbying than any other trade association in the world. It works to reduce bureaucracy and taxes, to promote the USA's international trade relations and social peace between employers and employees. With a team of lobbyists, PR specialists and communication strategists, the Chamber influences all legislative projects affecting its members in the USA.

### **Opinion Forming Plus Overall Representation of Interests**

The organisation develops political positions in a variety of committees, task forces and working groups. Opinions in these committees are shaped by the 1,500 + members who volunteer their time in the Chamber. Since the association can therefore claim that its positions on economic, tax, labour market or trade policy issues are based on the entrepreneurial expertise and experience of its volunteers, they lend particular weight to the views and demands of the Chamber. In accordance with the U.S. understanding of freedom as the freedom to assume responsibility, the members of the Chamber also undertake to develop positions in their opinion-forming process that serve all companies and not only the special interests of corporations. As part of this commitment, the Chamber also strives to hear all of its members before taking a public stance.

At the same time, however, the US Chamber is able to defend its positions with particular emphasis because numerous corporations are represented in it. After all, they have created thousands of jobs. It is, therefore, the small and medium-sized members of the association that ultimately benefit from such convincing facts.

### **Own Economic Research**

For their lobbying work, the Chamber's staff also compiles statistics and analyses on how certain political decisions will affect the economic development and the labour market in the USA. They often work together with affiliated research institutes such as the National Chamber Foundation. They use the results of this research to influence political decision-makers—for example, by publishing them

as studies and reports, disseminating them in the media, or using them as arguments at hearings in Congress, consultations with authorities or in statements on legislative projects, and even in one-on-one discussions with decision-makers.

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# The German Chambers of Commerce Abroad—An International Win–Win Situation

# 4

Gerd Mischler

Even if the 2018 Football World Cup went wrong from a German perspective, one title remains certain for Germany and German entrepreneurs—that of export world champion. Most recently, Germany ranked third among the strongest exporting nations, after China and the USA. The global network of German Chambers of Commerce Abroad (AHKs) has played a decisive role in this success on international markets. It is, therefore, the focus of the following chapter. A general introduction to the range of tasks and working methods applied by the Chambers is followed by portraits of individual AHKs at locations ranging from Vienna to Mumbai and from Argentina to Nairobi. Two case studies also report on how the Chamber in Vietnam helped a medium-sized company from the Upper Palatinate to enter the market in the Far East. The second example tells the story of a Polish company which, despite its technological capabilities, was only able to win German customers with the help of the Chamber of Commerce in Warsaw.

- Chambers of Commerce Abroad—networking to ensure the success of German businesses abroad
- Portraits of the Chambers of Commerce Abroad—building bridges between cultures
  - Austria
  - Czech Republic
  - Kenya
  - India
  - Greater China
  - Argentina
  - Brazil

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G. Mischler (✉)  
Mischler & Partner, Landsberg am Lech, Germany  
e-mail: [g.mischler@mischlerundpartner.de](mailto:g.mischler@mischlerundpartner.de)

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- Chambers of Commerce Abroad in action—developing international economic relations with the help of the Chambers of Commerce Abroad.

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## **Chambers of Commerce Abroad—Networking to Ensure the Success of the German Business Abroad**

*The 140 Chambers of Commerce Abroad in 92 countries are a strong network that helps German companies to enter foreign markets, but also makes it easier for foreign companies to come to Germany. They work closely with the 79 CCIs in Germany.*

Together, the German CCIs and the Chambers of Commerce Abroad (AHK) take a stand for the German economy in both the boom years and in times of crisis. The CCIs and AHKs present themselves internationally like a close-knit family, as stated by the British Ministry of Economics in its study “No stone unturned—Chamber of Commerce International Comparisons” dating from 2012 on the chamber systems in different countries (p. 36). The close relations between the AHKs and the delegations and representative offices abroad (which are also part of the network) and the 79 Chambers of Commerce and Industry in Germany, as well as the coordination of the network by the Association of German Chambers of Commerce and Industry, fundamentally distinguish the German Chamber network from those of other countries. It makes it much easier for companies to access business support and utilise overseas trade opportunities (see study above, also p. 36). Another important prerequisite for the successful work of the AHKs is financial security. They generate the lion’s share of their financial requirements through the sale of services themselves. However, they are also institutions of German foreign trade promotion and are proportionately financed by the Federal Ministry of Economics (see Fig. 4.1).

### **Close Coordination Between CCIs and AHKs**

A look into practice: The Chambers of Commerce and Industry in Germany—their foreign trade departments—always support their members in foreign trade issues in close cooperation with the Chambers abroad. Many CCIs maintain particularly close partnerships with the AHKs of a particular country or region. Together, the CCIs in Germany organise export days and information events on foreign markets and regions. It is not uncommon for employees of the AHKs to have previously worked in a CCI in Germany. This enables the CCIs to forward enquiries from their members to the experts in foreign markets—as if the AHK were an extension of their own foreign trade department. This saves member companies time and many nerve-racking telephone calls.



**Fig. 4.1** An international network for business since 1894—the German Chambers of Commerce Abroad

### Self-governance Principle also Applies to the AHKs

What is even more important for the successful work of the AHKs is that entrepreneurs organise and represent their interests themselves in the Chambers of Commerce Abroad, as well as in the German Chambers of Commerce and Industry. In 2017, more than 1,800 employees and Managing Directors from member companies volunteered their services in the working groups, Boards and steering committees of the Chambers of Commerce Abroad. Members of the AHKs are German companies or their subsidiaries in the host country, as well as companies from the host country itself—the chambers are not always bilateral in nature, but this is very often the case. The voluntary contribution of the companies to the daily work of the AHKs is the “real ace up the sleeve” that the German business holds in its hands with the AHK network. This is because the volunteers know where companies tend to feel the pinch. They experience this day after day in their own work on-site in the host markets. This transfer of knowledge enables the AHKs to

recognise and articulate economic developments and challenges for companies in their host countries more quickly and to work towards improved framework conditions. At the same time, the volunteers from the host country enrich the work of the chamber to a particular extent because they have been socially integrated into the business culture of their home country. They know which customs and practices have to be observed in the economy of their country. At the same time, they bring their own close contacts to authorities and political decision-makers into the work of the chamber. In this way, the voluntary work undertaken by the companies creates structures with which the business community can bundle, organise and represent its concerns better than state funding agencies could.

### **Special Creative Power of the AHK Board Members**

For this reason, the statutes of the AHKs also grant extensive rights to the members elected by all members, who work voluntarily on their Boards in shaping the objectives, strategy and personnel policy of the chambers. Thus, the AHK Boards decide on the appointment of the respective AHK Chief Executive. The Association of German Chambers of Commerce and Industry (DCCI) has a right of a nomination here. Only the Heads of the delegates' offices and the representative offices for German business are appointed by the DCCI alone in coordination with the Federal Ministry of Economics, which plays a co-financing role. The position of an AHK Board can thus be compared to that of the supervisory board of a stock corporation. In contrast to the supervisory board of a stock corporation, however, the election of the Board for an AHK means that the majority of the members are also involved in the decision-making process in matters of business and personnel policy.

### **Personal Exchange as the Most Important Basis for the Success of the AHK-CCI Network**

At the same time, however, each chamber must coordinate with the Association of German Chambers of Commerce and Industry (DCCI) as the "system headquarters" of the German Chambers of Commerce Abroad (AHK) network. The DCCI also distributes grants from the budget of the Federal Ministry of Economics to the AHKs, it provides them with personnel and organisational know-how and represents their interests in Germany. Surprisingly, apart from the statutes of the AHKs and the budget control of the DCCI, there is no legal basis regulating the smooth interaction of CCIs, AHKs and DCCI within this globally extended family of the chamber network. Admittedly, all parties involved have agreed on a Code of Conduct that lays down rules for cooperation. But what is much more important is the continuous dialogue between all chambers with each other and with their umbrella organisation. These discussions take place at regular meetings such as the biennial AHK World Conference and at events organised by individual chambers of





Source: Association of German Chambers of Industry and Commerce (DIHK)

**Fig. 4.2** At a glance: How the German Chambers of Commerce Abroad support companies

commerce and industry—such as the Export Days, which has since been renamed “Trade and Connect”. Every year in November, the Managing Directors of around 70 AHKs travel to the CCI for Munich and Upper Bavaria in Munich. The fact that a worldwide network can be coordinated primarily through the personal exchange between representatives from the 140 AHKs among themselves is just as impressive in terms of proof of the self-governing capacity of business and the economy, as is the contribution of those volunteers to the work of the AHKs (see Fig. 4.2).

### The Chambers of Commerce Abroad (AHK) at a Glance

- Promoting German foreign trade:** German companies receive support for their foreign business from the diplomatic missions of the Federal Republic of Germany, the Federal agency Germany Trade and Invest (GTAI) and the German Chambers of Commerce Abroad (AHK). The Chambers of Commerce Abroad play a special role in the mix of these three pillars of foreign trade promotion. This is because companies from Germany and the host countries have voluntarily joined forces in the AHKs to represent their interests and promote economic exchange. This three-pillar mix and this specific cooperation between business and government are what fundamentally distinguishes the German system of foreign trade promotion from the approach taken by most other

countries. It largely frees the AHKs from political constraints and enables them to concentrate entirely on the economic concerns of their members.

- **Distribution around the world:** In 2017, there were 140 Foreign Chambers of Commerce in more than 92 countries. The first chamber was founded by German merchants as early as 1894 in Belgium. Since then, the network has been constantly expanding. In order to promote the exchange of German business with as many countries as possible, the AHKs often have their own Regional Managers in charge of countries in the immediate vicinity from one specific location. Thus, the AHK in Nairobi also looks after Ethiopia, Rwanda and Uganda. The Chamber in South Africa also looks after Namibia and Zambia. Today, the German economy can rely on the support of foreign chambers of commerce for 95% of its foreign business.
- **Organisational structure and bi-lateralism:** In most countries, the chambers are associations founded and constituted under national law. Both German companies and companies in the host country are members. This bi-lateralism strengthens the chambers in their host countries. Considering the fact that, because they also represent local companies, the AHKs are not perceived by decision-makers and the media as strictly German events. However, it is not possible to establish bilateral chambers of commerce abroad in every country. Where this is not legally possible, or the number of German companies operating in the country does not yet support an AHK, representative offices or delegate offices represent the concerns of German business. Unlike bilateral chambers, representative offices and delegate offices do not have any members. Often, however, they later become Chambers of Commerce Abroad—for example, in Serbia and Ukraine in 2016, or in San Francisco, Sri Lanka and Tanzania in 2018. Whether or not an AHK, a delegate office or a representative office is to be established at a particular location is decided by the DCCI in consultation with the Federal Ministry of Economics. Portraits of selected Chambers of Commerce Abroad can be found on the following pages.
- **Membership structure:** In 2017, a total of more than 51,000 companies were members of a German Chamber of Commerce Abroad. Almost 40,000 of these were subsidiaries of German companies in the host countries or companies from these countries themselves. The rest are companies based in Germany. In recent years, the number of members from the host countries, in particular, has increased significantly. Only about one-fifth of AHK members were based in Germany in 2017.
- **Equity and debt financing:** Membership fees, as well as grants from the Federal Ministry of Economics, are an important element in the financing of AHKs. The chambers receive about a fifth of their budgets from the federal budget through the Association of German Chambers of Commerce and Industry allocated by the Federal Ministry of Economics. In the case of representative offices and delegate offices, this proportion represents around a third. Given that the DCCI must remain accountable to the Federal Ministry of Economics for the use of federal funds, it is allowed to audit the budget management of the AHKs. However, the Chambers of Commerce Abroad generate the lion's share of their

income themselves by selling their services. In 2017, they generated EUR 129 million globally. The DCCI has calculated that German companies were able to generate an additional turnover in excess of EUR 2.8 billion worldwide and create or maintain 23,000 jobs with the help of the services provided by the Chambers.

- **Range of services:** Whether companies need information about the demand for their products in a country or need help in training employees in their local production facilities, the AHKs support companies with their services in all phases and in all forms of foreign commercial activity. They prepare market studies, search for business partners, advise and accompany newcomers throughout the entire process of setting up a branch in the host country, serve as the first port of call for potential customers and provide advice on labour, corporate and tax law issues. They represent companies at trade fairs abroad and help them to recover their VAT from local authorities or to collect outstanding receivables from customers. They often settle conflicts between companies with the help of trained business mediators. All these services are particularly helpful for small and medium-sized enterprises, which often lack the necessary human and financial resources at the beginning of their international engagement.
- **Representation of interests:** In addition to their services as door openers to new markets, the chambers also support their members as platforms through which German and foreign companies can bundle and present their economic policy interests and concerns to the political decision-makers and authorities of the host country. As in Central and Eastern Europe, for example, this takes place in permanent discussion groups with political stakeholders and decision-makers, but also through press work.

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## Portraits of the Chambers of Commerce Abroad—Building Bridges Between Cultures

*The CCIs and AHKs are one big family. Together, they support German companies in their commitments abroad, but also companies in the host country. How does a chamber actually work? How does it position itself? What are its main areas of activity? Seven AHKs provide some practical insight.*

The network of German Chambers of Commerce Abroad (AHKs)—consisting of bilateral Chambers of Commerce Abroad, delegations and representative offices—advises, supports and represents German companies worldwide that wish to establish or expand their foreign business. AHKs are institutions that promote German foreign trade. They represent German economic interests at over 140 locations in 92 countries. They are member organisations with roughly 51,000 members across the globe. At the same time, the German Chambers of Commerce Abroad are links between cultures. They feel quite at home in two fundamentally different ways of thinking and in several languages. The following is a portrait of

the AHKs in Austria, the Czech Republic, Kenya, India, China, Argentina and Brazil. They show, above all, the respective focal points of the Chambers' work on the ground, which are appropriate to the challenges of the host country.

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### **Case Study 1: AHK Austria—Breaking Down Language Barriers in German-Speaking Countries**

Headquarters	Vienna
Further locations of the Chamber	Representative offices in Upper Austria, Salzburg, Tyrol and Styria
Foundation	1955
Form of organisation	Bilateral chamber
Members	1,500
Thereof German companies	700
Thereof Austrian companies	800
Industry focus	Services, trade
Total number of employees	23
German employees:	9
Austrian employees:	14

Although Austrians and Germans share a common language, there are considerable differences in terminology between the two countries. One of the focal points of the Chamber's work is, therefore, workshops organised by Austrian employees of the AHK in Germany, in which they explain the linguistic differences as well as variations between tax and commercial law that exist between Germany and Austria. The Chamber members also have a great need for advice when sending employees from Germany to Austria.

### **A Parallel Representative Office of the Bavarian Economy**

Given that the Chamber is also the representative office for the State of Bavaria in Austria, it also promotes Bavarian and Austrian companies that want to expand their activities in the respective other countries. Austria is already the most important supplier of goods and inputs for Bavarian companies. Austria conducts a third of its total foreign trade with the Federal Republic with companies from Bavaria.

## Mentoring for Young Executives

The AHK Austria also attaches particular importance to the promotion of young executives. For this reason, it has set up a mentoring programme in which experienced managers from Germany and Austria coach junior executives from both countries for nine months in regular meetings. In addition, the Chamber offers numerous lectures and workshops on the topics of “leadership” and “personality development”.

## Events and Networking

The most important event of the AHK Austria is the “Annual General Meeting of the German Chamber of Commerce in Austria”, which is attended by roughly 250 members and non-members every year in the month of November. Every year, a different German federal state presents the opportunities it offers to Austrian companies at the event. Other top events throughout the year include the “Early Summer Event” in Salzburg and the “German-Austrian Technology Forum” in autumn—a conference on the topic of “Digitisation” with top-class speakers from German and Austrian business and science. A good 150 people take part in both events every year. Both also offer the opportunity to make new contacts and maintain existing ones as part of their accompanying evening programme.

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### Case Study 2: AHK Czech Republic—Lobbying and Networking in a Sophisticated Atmosphere

Headquarters	Prague
Further locations of the Chamber	A shared office with the CCI Regensburg in Pilsen
Foundation	1993
Form of organisation	Bilateral chamber
Members	680
Thereof companies with headquarters in Germany in Austria	130 550
Industry focus	Automotive, mechanical engineering, transport and logistics, energy, consulting
Total number of employees	40
German employees:	5
Czech employees:	35

In addition to the usual services of a Chamber of Commerce Abroad, the AHK Prague supports its members primarily through working groups on the topics of “Law and Taxation”, “Corporate Social Responsibility” and “Transport and Logistics”.

## **Facing the Challenge of a Shortage in Skilled Workers**

In the future, the Chamber also intends to set up a working group to seek answers to the increasingly drastic shortage of skilled workers in the Czech Republic. For this reason, the Chamber of Commerce and Industry in Prague also offers seminars for the further training of skilled workers and, as part of its advocacy work, is campaigning for the introduction of a vocational training system in the Czech Republic that is oriented to the German model of dual vocational training. In addition, it supports its member companies when they want to introduce Industry 4.0 and runs projects to increase energy efficiency. The Chamber promotes these topics mainly through workshops, conferences and its own media work.

## **Summer Networking Party**

As a platform where its members can cultivate contacts and explore new business opportunities, the Chamber organises an annual summer party in the garden of the German Embassy and a conference with lectures by distinguished representatives from German and Czech business and politics. And, last but not least, there is the “Winner’s Night”, where the Chamber awards prize to the winners of its start-up competition “Connect Visions to Solutions”.

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## **Case Study 3: AHK Kenya—Dual Vocational Training and Environmental Protection for East Africa**

Headquarters	Nairobi
Further locations of the Chamber	Field office in Dar es Salaam, Tanzania
Foundation	2012
Form of organisation	Delegate office
Members	None, the German Business Association supervised by the delegation has 155 members, of which 152 are based in Kenya, while three companies are based in Germany
Industry focus	A balanced distribution across all industries
Total number of employees	18
German employees:	5
Employees from the host country	13

In addition to its own host country, the AHK in Nairobi is also responsible for representing German business in East Africa. It coordinates and organises all Chamber activities in Kenya, Tanzania, Ethiopia, Uganda and Rwanda. A branch office in Tanzania has been responsible for implementing these activities since 2018. A regional coordinator is responsible for Ethiopia, Uganda and Rwanda. Although he has an office in Nairobi, he regularly travels to other East African countries.

## **Transfer of Dual Vocational Training**

In Kenya, the Chamber, in cooperation with the “Skills Expert Programme” of the Federal Ministry of Economics (BMWi), primarily supports companies that want to train their young people according to the model of the German dual vocational training system. It supports pilot projects in companies and awards certificates from the AHK to the young skilled workers after they have completed their training, in addition to the Kenyan certificates. In cooperation with the Chamber of Commerce and Industry for Munich and Upper Bavaria, the Chamber is currently developing its first own training courses in the hotel and catering sectors respectively. It also trains vocational trainers and organises the vocational training fair “Hands on the Future Skills Show” in Nairobi along with local partners.

## **Special Focus on Sustainability**

The Chamber has also established a competence centre entitled “Energy and Environment”. This centre organises topic-related business trips to East Africa and organises conferences on the topic of “sustainability” together with the Federal Ministry of Economics and the Federal Ministry for the Environment. Together with the German Embassy, the Chamber organises a series of events entitled “German Embassy Green Economy Cycle” and coordinates cooperative efforts between international stakeholders in Kenya’s waste and water management apparatus.

As a delegate office, the Chamber does not organise regular social events but is involved in the two-day “Oktoberfest” held by the German Business Association. This is attended by around 2,000 guests every year.

### Case Study 4: AHK India—Service Provider and Contact Broker on the Sub-continent

Headquarters	Mumbai
Further locations of the Chamber:	New Delhi, Calcutta, Chennai, Bengaluru, Pune, Düsseldorf
Foundation	1956
Form of organisation	Bilateral chamber
Members	5,263
Thereof German companies in India	788
Thereof German companies in Germany	728
Thereof Indian companies	4535
Industry focus	Mechanical engineering and accessories
Total number of employees	104
German employees:	16
Indian employees	82
Employees with another nationality	6

India is as big as the whole of Europe and has three times as many inhabitants. German entrepreneurs therefore often fail because of the sheer size of the market. Therefore, the AHK in India first and foremost ensures that German entrepreneurs meet contact persons in as many regions of the subcontinent as possible, who will process their enquiries and advise them accordingly. For this reason, in addition to its headquarters in Mumbai, it also has offices in New Delhi, Calcutta, Chennai, Bengaluru and Pune and takes care of German companies' concerns in neighbouring Bangladesh.

#### Locations with Their Own Topical Focus

In addition, the individual locations are each responsible for one main focus of the Chamber's work. These range from renewable energies, Corporate Social Responsibility and smart cities, to the promotion of start-ups. Until the establishment of a Chamber of Commerce and Industry in Sri Lanka, the Chamber was also responsible for the island to the south of the subcontinent. In order to be successful in such a huge region, the Chamber provides its members with a network of contacts to local decision-makers and potential business partners that has grown for more than 60 years.



## Training Centre—Dual Vocational Training

For more than 25 years, it has also been training young Indian professionals in its own training centre based on the model of the German dual vocational training system. The Indo-German Centre offers a full-time training course to become an industrial clerk as well as a programme for further training on weekends and other company-specific programmes.

## Lively Trade Fair Activity

As the official representative of numerous German and Indian trade fairs, the Chamber also organises 50 exhibitions. It brings in exhibitors and visitors for these exhibitions, takes care of public relations for the fairs and organises individual and group trips to the exhibitions.

## Events and Networking

The most important events held by the Chamber are its annual general meetings in India and Germany. These are usually attended by German and Indian politicians, the ambassadors of both countries as well as leading representatives of the German and Indian business communities. In addition, the “Founder’s Day Lecture” is held every year on the anniversary of the Chamber’s founding day. And, last but not least, the Chamber organises numerous typical German events such as an Oktoberfest, Christmas markets or football tournaments for its more than 5,200 members every year. These events offer members the opportunity to make contacts and get to know both Indian and German culture in equal measure.

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## Case Study 5: AHK Greater China—A Heavy Weight in the Far East

Headquarters	5 primary offices in Beijing, Shanghai, Guangzhou, Hong Kong and Taipei
Further locations of the Chamber	Shenyang, Tianjin, Qingdao, Taicang, Hangzhou, Shenzhen, Chengdu, Karlsruhe
Foundation	1981 foundation of the office in Taipei, 1987 foundation of the office in Hong Kong, initial activities in mainland China since 1994
Form of organisation	Delegate offices of German business in Beijing, Shanghai and Guangzhou, private limited liability company in Hong Kong (German Industry & Commerce Ltd.), business office in Taipei

(continued)

(continued)	
Headquarters	5 primary offices in Beijing, Shanghai, Guangzhou, Hong Kong and Taipei
Members	Over 2,900 companies
Thereof companies with headquarters in Germany	All members are either majority German invested companies, or have a German parent company or are under German management.
Thereof companies based in China, Taiwan or Hong Kong	The Chinese legislator currently does not allow Chinese companies to become members.
Industry focus	Mechanical engineering and industry, automotive industry, business-related services
Total number of employees	220
German employees	Approx. 40
Chinese employees	Approx. 180

The AHK Greater China is unique in the network of German Chambers of Commerce Abroad. The delegate offices of German business in Beijing, Shanghai and Guangzhou, the German business office in Taipei and the German business representation in Hong Kong have joined together to form a network. This network represents the Association of German Chambers of Commerce and Industry as the umbrella organisation of the German Chambers of Commerce and Industry and, on behalf of the Federal Republic of Germany, promotes the economic interests vis-à-vis Chinese politicians and authorities. The following activities stand out from the range of services that the Chamber provides for its members, just like any other AHK.

## Dual Vocational Training

The Shanghai office is the competence centre for dual vocational training in China. The Chamber supports both German and Chinese companies and education stakeholders in setting up and implementing training courses and further education programmes in China in accordance with German standards, conducting and facilitating examinations and certifying training courses. In doing so, the office in Shanghai works closely with the education authorities and institutions in the People's Republic of China and Germany and cooperates with them extensively.

## Econet China

This platform supports German companies from the construction, energy or environmental technology sectors that wish to enter the Chinese market with so-called "green" products. The establishment of strategic marketing partnerships via the platform is intended to help companies establish a strong, sustainable market position in the People's Republic.

## **“More Than a Market” Initiative**

In 2015, the Shanghai Chamber of Commerce and Industry, together with the Bertelsmann Stiftung (and with the support of the German Consulate General in Shanghai) founded the “More than a Market” initiative. Two years later, it extended this initiative to all of China. The initiative promotes the social commitment of German companies in China and offers a platform for exchange between companies and matchmaking with societal stakeholders such as non-governmental organisations. After all, German companies are not only business partners in China. They are also involved as responsible producers and reliable employers. Since 2017, the initiative has honoured this commitment with the “More than a Market” awards and regularly organises workshops on various topics at those interfaces between business, society and the topic of sustainability.

## **Innovation Hub—Shenzhen**

The AHK office in Shenzhen opened an Innovation Hub in 2018. This service platform serves as a technology scout for German companies and regions in China and organises fact-finding delegations on the topics of “innovation”, “digitalization” and “high-tech”. In addition, the office serves as a bridge between German SMEs and the Chinese start-up scene in Greater Shenzhen—China’s “Silicon Valley”. The Innovation Hub also connects German start-ups with Chinese companies. Workshops for German start-ups that develop hardware and want to take advantage of the extraordinarily promising opportunities for rapid prototyping at the Shenzhen location (and thus advance their product development efforts) help to complete the offer.

## **Government Relations, Surveys and Press Relations**

German companies operate in China in what is considered a challenging area fraught with tension. On the one hand, there are enormous market opportunities and possibilities for cooperation. On the other hand, they have to deal with market access barriers, legal uncertainty, bureaucratic hurdles, restrictions on Internet access, the protection of intellectual property, the challenging licensing of products and services, customs matters and cross-border capital movement controls. Surveys, press work and government relations are the most important instruments with which the Chamber analyses these concerns of German companies in China and communicates them to stakeholders and the media. For example, the Chamber publishes the “Business Confidence Survey” and the “Labor Market & Salary Report” every year. An innovation study on the Shanghai region was also published for the first time in 2017. Media in China and Germany quote the representative surveys. They form the argumentative basis for the representation of German business interests in

China. Thus, the AHK Greater China can use targeted press work to raise awareness of its activities and support its members in developing their business.

The AHK Greater China also uses the instrument of government relations to establish and continuously expand resilient relations with government stakeholders and authorities and thus to work towards the continuous improvement of economic policy framework conditions, the continued opening of market access and the equal treatment of German and Chinese companies in China. The commitment of its honorary Board members is of particular importance in this context. Due to their top-level positions in companies and associations, they are important initiators who establish contacts for the Chamber.

## Numerous Events

More than 500 events organised by the Chamber each year offer the German-Chinese business community a platform for networking and enable a regular exchange of experience. By participating in workshops as well as round table discussions and conferences such as the “Industry 4.0 Forum”, members gain up-to-date and well-founded knowledge about trends emerging on the Chinese market. Events on current changes in the Chinese business environment also provide support with up-to-date market information and sound knowledge of Chinese business practice. The German Gala events in Beijing and Shanghai are the highlight of the event year and have long been a tradition in the social life of these Chinese metropolises. More than 2,000 guests take part in the glamorous evening events every year. They bring together leading representatives of German and Chinese business and politics as well as international organisations. In this context, the “More than a Market” awards honour the social commitment of German companies in China and offers outstanding projects an appropriate stage to showcase their success.

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### Case Study 6: AHK Argentina—The Fight Against Corruption and Advocating Sound Vocational Training

Headquarters:	Buenos Aires
Further locations of the Chamber:	none
Foundation:	1916
Form of organisation:	Bilateral chamber
Members:	400
Thereof companies with headquarters in Germany:	51
Companies with headquarters in Argentina:	349

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(continued)	
Headquarters:	Buenos Aires
Industry focus:	Automotive supply, mechanical engineering, engineering services, automation and packaging technology, energy, logistics, chemistry, pharmaceuticals, medical technology
Total number of employees:	30
German employees:	6
Brazilian employees:	24

The work of the AHK Argentina focuses on two issues: The fight against corruption and the promotion of vocational training.

### **Training Work Spanning Four Decades**

For more than 40 years, the AHK has been training wholesale and foreign trade merchants as well as industrial and office clerks in Argentina. For ten years now, it has also been offering three technical/commercial training courses for the following professions: mechatronics engineer, automotive mechatronics engineer and cutting machine operator. The AHK adapts the curricula for training in all occupations drawn up in Germany to Argentinian requirements and updates them when the training needs of companies change. It also sounds out applicants for apprenticeships, it selects those candidates who are accepted and distributes them among some 60 companies that provide training. There it checks the quality of in-house company training and the work of those dedicated trainers throughout the training period. The Chamber also prepares and conducts the final examinations. Once a year, it also organises a training summit at which representatives from companies and authorities as well as politicians discuss vocational training in Argentina.

### **Compliance and Anti-Corruption**

Since the AHK Argentina—along with its members and Boards—feel strongly committed to the principle of the honourable merchant, the Chamber has also been conducting an awareness campaign in the area of compliance and anti-corruption for eight years to date. It organises business forums and has, together with the internationally active “Multi-stakeholder Alliance for Integrity”—initiated by the Federal Ministry for Economic Cooperation and Development (BMZ) and the German association “Gesellschaft für Internationale Zusammenarbeit” or “GIZ”, created further education programme “From Companies for Companies” to tackle the issue. Due to its commitment to the fight against corruption, the AHK Argentina was elected to the Board of the Global Compact Network three years ago. As an organisation of the United Nations, this network fights for human rights and fair labour standards as well as combating corruption. At the same time, the Chamber

established a “Compliance” Competence Centre and a helpdesk for small and medium-sized Argentinean companies in 2015.

### **Intensive Exchange of Information and Experience**

Of course, the Chamber also offers its members practical support in their activities in Argentina. In view of the fact that the volatility affecting the Argentine peso and the changing economic and political conditions make long-term planning and entrepreneurial activities in the South American country difficult for companies, members are particularly dependent on thorough advice regarding local conditions as well as preparation and support for their activities by the Chamber, all tailored to their individual needs. For this reason, the AHK also offers the Managing Directors of German member companies the opportunity to participate in the Chamber’s monthly Board meetings. This enables them to regularly exchange their experiences in Argentina. At the request of those companies which receive visits from their German parent companies, the AHK also organises roundtable briefings with the Managing Directors and Board members of German subsidiaries, thus contributing to the transfer of information between Germany and Argentina.

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### **Case Study 7: AHK São Paulo—South American Socializer**

Headquarters:	São Paulo
Further locations of the Chamber:	Curitiba
Further AHKs in Brazil:	Rio de Janeiro, Porto Alegre Together, the three chambers also operate twelve regional offices
Foundation:	1916
Form of organisation:	Bilateral chamber
Members:	800
Thereof companies with headquarters in Germany:	40
Companies with headquarters in Brazil:	760
Industry focus:	Chemicals and pharmaceuticals, mechanical engineering, agro-business, automotive industry and supply, construction, energy, metal processing, transport and logistics, lawyers
Total number of employees:	90
German employees:	14
Brazilian employees:	76

The São Paulo Chamber of Commerce and Industry provides the usual services that any foreign chamber of commerce provides for its members. In addition, it is particularly committed to promoting exchanges between Brazilian and German companies. To this end, it organises events that make it easier for small and medium-sized Brazilian companies to exchange experience and know-how with German companies, and it organises events that raise awareness of the issue of intercultural diversity in German companies in Brazil.

### **“Start-Ups Connected” Initiative and Innovation Congress**

The “Start-ups Connected” initiative brings together German and Brazilian start-up companies and awards a prize to particularly forward-looking young companies. The German-Brazilian Innovation Congress—where every year members of the government, entrepreneurs and representatives of science from both countries discuss innovation and technology trends—also serves to bring German and Brazilian companies together and promote a process of exchange. The Chamber organises the Congress together with the German Science and Innovation House—a joint initiative of the Federal Foreign Office and the Federal Ministry of Education and Research—in São Paulo.

### **Awards and Conferences**

No less important for the Chamber is the awarding of the German-Brazilian Journalism Prize and the German-Brazilian Personality Award, with which it honours journalists and personalities each year who have rendered outstanding services to promoting good relations between the Federal Republic of Germany and the country situated on Sugarloaf Mountain. The award ceremony opens the German-Brazilian Business Days event organised by the Federation of German Industries and the Brazilian Federation of Industry. Since 2016, the Chamber has also organised the German-Brazilian Mining Conference once a year in the South American state, a nation rich in natural resources. It is attended by representatives of raw materials companies, universities and associations as well as the governments and authorities of the two countries, along with employees of manufacturing companies, banks and consulting firms.

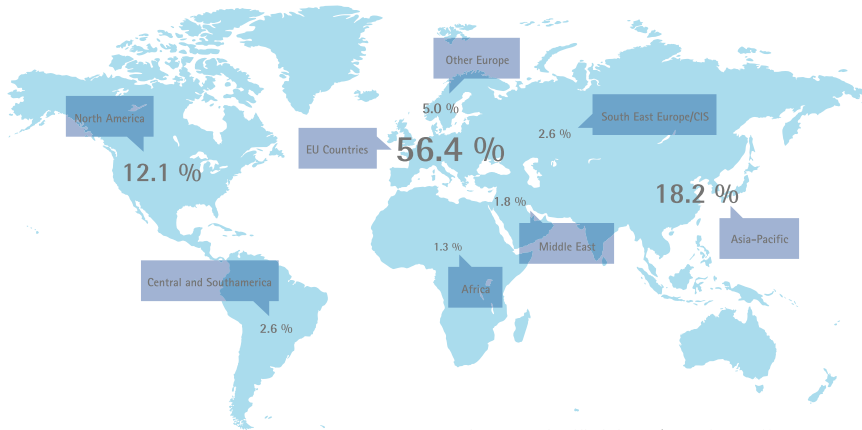
## Editor’s Note: The AHK Survey Took Place in Summer 2018

### Chambers of Commerce Abroad in Action—Developing International Economic Relations with the Help of the Chambers of Commerce Abroad

*How do the AHKs work in practice? How do they accompany German companies going abroad, but at the same time foreign companies heading to the Federal Republic? Samhammer AG from Weiden and Amro Met from the Polish town of Szubin give an insight on how the support works.*

Whether for German companies or companies from their host country the Chambers of Commerce Abroad open doors to markets all over the world on a daily basis. They advise entrepreneurs on legal and tax issues when setting up branches, they search for the right location for a new plant and potential customers, and for the products to be manufactured there (see Figs. 4.3 and 4.4).

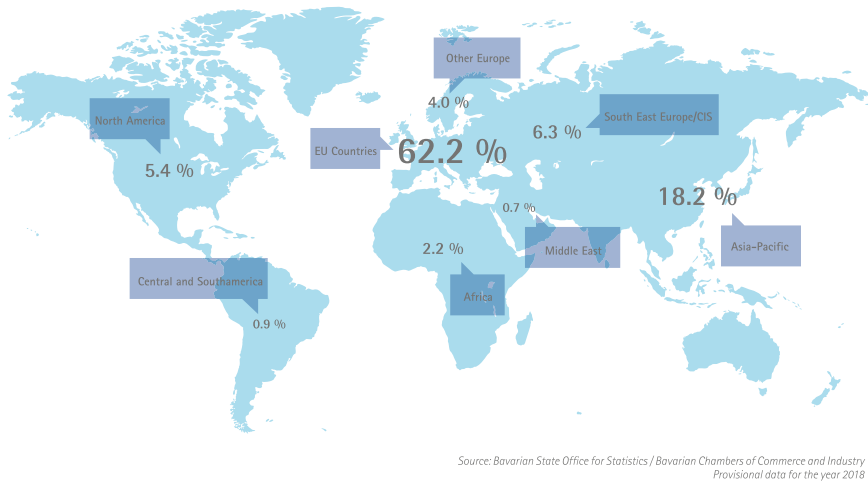
Two examples show what the AHK Vietnam and the AHK in Poland achieved for a German and a Polish company.



Source: Bavarian State Office for Statistics / Bavarian Chambers of Commerce and Industry  
Provisional data for the year 2018

**Fig. 4.3** Bavarian business is particularly active in Europe—Distribution of exports by regions





**Fig. 4.4** Bavarian business is particularly active in Europe—Distribution of imports by regions

### Case Study 1: Samhammer AG—Finding the Way to the Far East with the Help of the AHK Vietnam

“A simple friend in my village is worth more than sixteen brothers at the imperial court”, says a Chinese wisdom. Samhammer AG from Weiden in the Upper Palatinate learned how much truth there is in this saying when it founded a branch in Vietnam’s business metropolis Ho Chi Minh City in 2012, in order to be able to follow its customers in their expansion in Asia.

The 350 employees of the medium-sized company look after customers for their clients who have technical questions about products. The Upper Palatinate helpdesk specialists work primarily for companies in the automotive, mechanical engineering, aerospace and electronics industries. For them, Samhammer takes on the role of technical support in 18 languages all over the world. The medium-sized company has also developed software that, based on artificial intelligence (AI), recognises which problem the sender of an e-mail has and searches in a database for the appropriate technical solution. This solution then makes the software available to a service employee who contacts the customer. The customer thus receives a solution to his or her problem, which is almost always suitable, the very first time they contact the helpdesk. Given that Samhammer also shortens the processing time significantly by using artificial intelligence, the person with the question receives their answer almost twice as fast as before thanks to the use of smart software.

## **Going Abroad with the Customers? Of Course!**

No wonder that Samhammer's customers did not want to do without these services when they expanded their commitments in China and other Asian countries after the turn of the millennium. In order to be able to offer the required services in the Far East as well, the medium-sized company initially hired Chinese-speaking employees at its headquarters in Weiden. Due to the time difference, however, they had to work at night. In the long run, this was not a viable solution.

## **Introduction Trips to China and—By Chance—To Vietnam**

So, in 2012, the Boards of the holding company travelled to China and visited special economic zones and German companies located in this vast geographic expanse. They wanted to find out whether they should invest in the People's Republic themselves. They were not won over by the visit.

Only when they made a detour to Vietnam on their way back did they find friends who accompanied them on their way to Asia. During an evening conversation at the bar of their hotel, the Managing Director of the branch office of a large German company in Ho Chi Minh City refuted many of their concerns about doing business in Vietnam. Although the Mekong whisky did a good job of relaxing them, they were more relaxed by the fact that the branch office in question had hardly any problems regarding high staff turnover and also got on well with Vietnamese bureaucracy.

## **Extensive AHK Support: From the Initiation of Contacts to Obtaining Permits**

Shortly afterwards the Samhammer Board members travelled to the South Vietnamese metropolis again. In only one week their new CEO contact as well as the Managing Director of the German Chamber of Commerce Abroad in Vietnam, Marco Walde, provided them with all the information and contacts they needed. The AHK put them in touch with a lawyer who understood exactly what Samhammer wanted and took care of it competently. The AHK also found suitable premises in the IT-Business-Park, Quang Trung Software City, in Ho Chi Minh City and arranged contacts to internet companies, which could then build up the IT- and communication infrastructure Samhammer required. At the end of the week, one thing was clear for the medium-sized company: We are expanding from Upper Palatinate in Germany to Vietnam. Without the network and the contacts of the AHK, this would not have been possible, Samhammer concludes today. But thanks to its network, the AHK was able to open the doors to the right people in a very short time.

Even applying for the permits, that foreigners need if they want to set up a company in Vietnam, did not cause the medium-sized company any sleepless nights. Since the employees of the AHK know from experience what the authorities of the Socialist Republic of Vietnam value in applications, they were able to explain to Samhammer exactly how individual facts can be formulated in the most authority-friendly way possible. Thus, the medium-sized company was able to obtain the necessary permits in the shortest possible time.

### **On Course for Growth in Ho Chi Minh City**

A pilot project subsequently ran just as smoothly. In the meantime, the eight employees Samhammer hired back then have grown to a team of 35. Among other things, they provide technical support for large German machine manufacturers in Japan, China, South Korea and Vietnam. Samhammer's growth in Vietnam is not over yet. In the future, the medium-sized company in Ho Chi Minh City also wants to develop AI software. To this end, the number of employees is set to increase to around 100.

### **Support by the German Business Association**

Also, on this growth course, Samhammer can (and was able to) rely on the support of the AHK and the German Business Association (GBA), which is affiliated with it. When the team from Germany had to draw up the first employment contracts, prepare a Vietnamese tax return for the first time, set up their accounting department or have their branch certified according to ISO standards, the German Business Association helped them with ready-made material and information packages. Samhammer only had to adapt the process descriptions, forms and checklists to the conditions in its Vietnamese branch in order to implement the corresponding processes or to be able to submit contracts and declarations as required.

By joining forces with GBA, Samhammer not only gained the security that the medium-sized company needed on its way into the new market. GBA also saved the company a significant amount of costs. The company could have procured comparable services from other service providers who assist investors in setting up and developing businesses in Vietnam. However, these service providers often charge high five- to six-figure dollar sums.

### **Helpful Dual Vocational Training Programmes of the AHK on-Site in Vietnam**

The larger the branch office in Ho Chi Minh City becomes, the more important the dual vocational training programmes—set up by the AHK in Vietnam—are for the SME. The Chamber advises member companies that wish to train mechanics,

industrial mechanics, cooks, catering specialists, and freight forwarding and logistics agents on the German model on how to set up and implement in-house training. At the same time, it arranges contacts with Vietnamese universities, which provide the theoretical part of the training. It also monitors the quality of its members' training activities, conducts examinations and issues final certificates in accordance with the standards of the Association of German Chambers of Commerce and Industry. Samhammer follows these structures when training its own employees. To set it up on its own would have overstretched the capacities of the SME's employees both at the headquarters in Weiden and the branch in Ho Chi Minh City.

### **Cross-Cultural Encounter in Weiden and Vietnam**

The colleagues preferred to put their resources into building good personal relationships. Vietnamese managers and employees regularly spend between one and three months in Weiden. Meanwhile, colleagues from Germany work in Vietnam. Just as important as cross-cultural encounters are Samhammer's close relations with the AHK and the GBA, even six years after the Vietnamese branch started operations. Company employees are present at all events organised by the Chamber. They also participate in the AHK's working groups in the field of training and further education.

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### **Case Study 2: Amro Met—Getting Start-up Aid for the German Market via the AHK Poland**

No Eastern European member state of the EU has developed as dynamically as Germany's eastern neighbour in the past 20 years. Above all, exports by Polish companies are booming. In 2017, they exported goods worth EUR 204 billion. That was 12% more than in the previous year. Above all, German companies operating within mechanical and plant engineering, electrical engineering, automotive and chemical industries procure in Poland. At EUR 59.5 billion, they spent almost 10% more than in the previous year east of the Neisse in 2017. Thanks to the high-level qualified employees, the country has long since ceased to be an extended workbench where German companies can produce parts with low vertical integration and minimal cost. Today, Polish suppliers offer independent development services for their customers and manufacture technically complex products at very competitive prices.

However, as the Chamber of Foreign Trade in Warsaw notes, many Polish companies are still very reluctant to acquire new customers in Germany despite their country's export successes abroad. Many Polish brands are unknown on the German market, which is why there is still a great lack of trust that often prevents cooperation, the Chamber notes.

## **Difficult Customer Acquisition in Germany**

Amro Met from Szubin, located 130 kilometres north of Poznan, also came up against this barrier. Founded in 2011 as a subsidiary of the heavy haulage company Amro Transport, the family business produces CNC milled and turned parts for customers from a wide range of industries. The 35 employees are particularly well versed in the production of high-precision components, which are used in weighing technology, for example. Today, roughly half of their customers come from Sweden and Germany.

However, winning them over was not easy for Amro Met. When the company's management team approached numerous potential customers in Germany in 2017, they often did not even get through to the right contacts in the companies, despite repeated requests. When they finally got through, they received friendly but non-committal answers. The management team did not receive the information that Amro Met would have needed to make a detailed offer. In the eyes of German companies, the Polish medium-sized company lacked the relevant references.

## **Support from the AHK Warsaw**

As it was not getting anywhere on its own, the family business decided to ask the AHK in Warsaw for help. The Chamber responded immediately and arranged an appointment with Amro Met. Shortly afterwards, two AHK sales experts with many years of experience in numerous sectors of the German market travelled to Szubin. On-site, they took a close look at the company, analysed its machinery and technological performance. The AHK experts processed their findings and the information provided by Amro Met in a questionnaire on its industry, expectations, existing foreign activities, products and production, which is then transformed into a profile of the medium-sized company, which they sent to 250 potential clients. These had been carefully selected by the Chamber's experts based on their knowledge of the German market. Nevertheless, the AHK employees also had to contact most of the German companies several times before they could forward the first answers to Amro Met three weeks after their on-site visit. In total, the medium-sized company received more than 100 enquiries from German companies. However, no cooperation was established with the majority of them, as the interested parties were looking for a partner with larger capacities or other processing procedures.

## **Successful Establishment of Contact with an Upper Bavarian Medium-Sized Company**

Then an enquiry from the Upper Bavarian company Bauer arrived. Given that this company had already included data and information on the exact components and

machining processes it was looking for in its reply to the AHK, Amro Met was able to send an offer to the Bavarian company very quickly.

In the meantime, the Polish company completed its first order to Bauer's complete satisfaction and is currently processing the second order. Thanks to the support of the Chamber of Commerce and Industry, Amro Met also achieved another successful cooperation with a manufacturer of tools and machines for the construction of railway lines. The family business now generates a good third of its turnover with these two German customers. Amro Met has so far been able to create a total of seven additional jobs through its expansion into the German market.

## Many Similarities Between German and Polish Companies

Without the support of the Polish Chamber of Commerce and Industry, however, that cross-border success story would not have come to fruition. Although, in reality, German companies are situated so close to Polish suppliers that no start-up aid from the Chamber would actually be necessary. After all, the Polish economy is similarly characterised by medium-sized companies as is the German economy. The majority of companies east of the Oder and Neisse rivers employ less than 50 people. But perhaps it was precisely these similarities in company size and corporate culture that made it possible for the AHK experts to bring the partners together.

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## CCI in Practice—Public Tasks Delegated by the State

# 5

Monika Hofmann, Gabriele Lüke, Gerd Mischler,  
and Eva Müller-Tauber

One important pillar of the practical CCI work is the implementation of public tasks assigned by the state. The following chapter presents some of these tasks. It begins with an interview that explains the idea and practice behind these tasks in an overview. Then individually selected areas are explained: Vocational training is the first step. This is where the CCI plays a key role in the system. In many case studies, the most diverse aspects of vocational education and training are examined in greater depth—from trainer aptitude to higher vocational education and training. This is followed by explanations of other public tasks such as the issuing of trade licences, the point of single contact, foreign trade documents, urban land use planning and tasks in the area of out-of-court dispute resolution.

- Interview with Dr. Beate Ortlepp and Dr. Thomas Kürn: Public tasks delegated by the state can be implemented efficiently and economically
- Vocational training—ensuring the quality of vocational education and training
- The recognition of foreign professional qualifications—paving the way for new entrants to the German job market

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M. Hofmann

Das Redaktionsbüro—Journalismus für den Mittelstand, Munich, Germany

e-mail: [mail@das-redaktionsbuero.info](mailto:mail@das-redaktionsbuero.info)

G. Lüke (✉)

Konturprogramm—Unternehmenskommunikation, Munich, Germany

e-mail: [g.lueke@konturprogramm.de](mailto:g.lueke@konturprogramm.de)

G. Mischler

Mischler & Partner, Landsberg am Lech, Germany

e-mail: [gmischler@mischlerundpartner.de](mailto:gmischler@mischlerundpartner.de)

E. Müller-Tauber

Journalist, Sindelfingen, Germany

e-mail: [e.mueller-tauber@web.de](mailto:e.mueller-tauber@web.de)

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- Commercial licenses—receiving targeted support with the registration process
- Points of single contact—overcoming bureaucratic hurdles across Europe
- Foreign trade documents—facilitating European trade in goods and merchandise
- Urban development planning—creating and preserving the necessary space for the future
- Out-of-court dispute resolution—favouring business-friendly solutions
- Honorary judges—regulating the interests of business in court with the help of voluntary support.

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## **Public Tasks Delegated by the State Can Be Implemented Efficiently and Economically**

*One pillar of the CCI's work is the assumption of public tasks assigned by the state. In this way, the state ensures a lean, business-oriented administration—above all, it assigns the tasks to institutions that know exactly what the economy needs and therefore implement the assigned services efficiently and in line with requirements. An interview with: Dr. Beate Ortlepp, Head of the Legal and Tax Department, and Dr. Thomas Kürn, Head of the Vocational Training Department of the Chamber of Commerce and Industry for Munich and Upper Bavaria.*

**Dr. Beate Ortlepp, Dr. Thomas Kürn, Photo Credit: CCI for Munich and Upper Bavaria/Goran Gajanin\_Das Kraftbild**







**CCIs stand for the self-governance of the economy. This also means that they implement public tasks assigned by the state—around 60 in number. Why did the state do well to assign these tasks to the CCIs?**

*Ortlepp:* There are very different tasks that a state has to implement and which it can delegate to institutions like ours, for example. Those public tasks delegated by the state to the CCIs are all economically significant and affect the companies directly. Given that the CCIs are well versed in representing companies in economic matters, they can implement these tasks faster, more efficiently and more economically than a public authority could. This is the argumentation of the legislator—and we see it the same way. The state uses the expertise of the business community to the benefit of the economy. And, last but not least, the public tasks assigned by the state are, alongside the overall representation of interests, the other decisive legitimation for compulsory membership and membership fees.

**In this way, the state also ensures a lean administration.**

*Kürn:* Correct. Conversely, this is an advantage for the state. At the same time, it creates better framework conditions for the economy, because the CCIs ensure that the public tasks assigned by the state—within the framework of the legal requirements—are implemented as close to the economy and its interests as possible.

**Couldn't the state also have left the tasks to private institutions?**

*Kürn:* We do not want to deny that private providers hold a range of expertise. But such tasks cannot simply be delegated to private institutions. On the other hand, the CCIs—as corporations under public law (and based on the CCI Act)—are predestined to implement public tasks with economic relevance that have been delegated by the state. The structure of legal membership guarantees the independence required for this and provides the legitimation for the autonomous design of such tasks on behalf of the state.

**Do the CCIs carry out the public tasks assigned by the state free of charge for their members?**

*Ortlepp:* No, such tasks usually have to be paid for. The general assembly, i.e. the representatives of the regional economy, set fees for this. But these fees would be much higher if the services were not co-financed by the membership fees paid by

the companies. Here we operate on a mixed financing principle based on the CCI principle of solidarity.

**What does that mean exactly?**

*Ortlepp:* The companies with higher turnover pay higher fees, but all pay the same low fees for the services transferred from the state, so that no company is disadvantaged by high fees, nor is its success impaired in any way. And by the way: If the state itself carries out such tasks, they must also be paid for.

**The CCI carries out a wide variety of public tasks delegated by the state. What do they all have in common or how can the tasks best be categorised?**

*Ortlepp:* First of all, only those public tasks are delegated to the CCIs that affect the members, i.e. the companies—no tasks affecting the general public (or wider society) end up at the CCI.

*Kürn:* Purely in terms of content, there is actually a wide range of tasks. In vocational training, the CCI is even systemically relevant. Here its tasks begin with the granting of training permits for companies as well as the review and registration of training setups—all the way through to the final examination. But we also issue trade licences or export documents, recognise foreign vocational qualifications, swear in experts, register financial investment and insurance brokers and hold examinations to test a candidate's expertise and technical knowledge.

**Does each CCI offer all of these public services?**

*Kürn:* No, sometimes a chamber of commerce and industry takes on a task for a larger catchment area. For example, the CCI for Munich and Upper Bavaria is responsible for the licensing and registration of all insurance brokers in Bavaria, with the exception of the CCI district of Aschaffenburg. Such bundling of tasks creates overarching competence centres, which can bring efficiency advantages vis-a-vis a decentralised approach to completing the task.

**How do the honorary office and primary office interact in the public tasks assigned by the state?**

*Ortlepp:* First of all, there is a practical division of tasks. On the one hand, tasks such as trade licences or export documents are the responsibility of the primary office, and on the other hand, examinations, for example, are carried out through voluntary work. In Munich and Upper Bavaria alone, 10,000 people work for us on a voluntary basis as examiners.

*Kürn:* The primary and honorary office work hand in hand and coordinate their activities. A good example is the organisation of examinations in the field of training and further education, and in the trade-law specific examinations that test both technical and specialist knowledge. The CCI primary office provides the organisational framework, for example by providing examination rooms and coordinating dates. However, the exam itself is conducted by volunteer experts from companies and vocational schools.

**Who determines that (and which) public tasks assigned by the state are taken over by the CCIs—the federal government, the states?**

*Ortlepp:* Both, but most tasks are delegated to us by the federal government.

**Can the CCIs say no if tasks are to be transferred to them?**

*Ortlepp:* Such tasks are always legally binding, so we have to implement them as soon as they become law and the CCI has been appointed as the executing authority. However, we can use the legislative process to lodge arguments as to why we do not think that a task should be in our hands. This was the case when the consumer dispute settlement bodies were set up. Here we saw the consumer protection bodies, and not ourselves, as being duty-bound here. After all, these bodies were not established as part of a CCI task. In the end, of course, it is always the legislator who decides.

**What is the situation in reverse? Do Chambers of Commerce and Industry occasionally position themselves for new tasks to be assigned by the state or even initiate them?**

*Kürn:* When the legislator prepared the registration of insurance brokers by law, we put ourselves forward. The CCIs said that this is a task that belongs to us in terms of content, and which we can handle well and with efficiency. The legislator followed this line of argument.

**To what extent is the way in which public tasks assigned by the state are implemented left to the CCIs themselves? How strict are the state guidelines? Where do the CCIs enjoy some leeway?**

*Ortlepp:* In principle, we demand a certain degree of freedom of organisation and, above all, sovereignty over the setting of fees. Among other things, we try to keep the bureaucracy involved within limits for everyone, especially for the small businesses that make up the majority of our members.

*Kürn:* Ultimately, the scope for design depends on the respective legal basis. In some areas, there is relatively little leeway, such as in trade law. In other areas, we are able to shape the content more. For example, all the chambers of commerce and industry have succeeded in ensuring that final training examinations are uniform nationwide.

**How are the CCIs supervised when it comes to the public tasks assigned by the state?**

*Ortlepp:* There is no technical supervision, which means that the content and implementation of the exams are not checked. But there is legal supervision. This is exercised by the ministries of the economics of the federal states.

**What happens if a chamber actually fails to implement a public task assigned by the state?**

*Ortlepp:* Those affected can then register their complaint with us—the primary office or the general assembly—as well as with our legal supervisory body, the Ministry of Economics. We, as the chamber of commerce and industry, must then take a position and remedy the complaint. We are liable in the event of demonstrable errors. The complainant can therefore take us to court. That is why all our employees are insured. No matter how carefully and precisely they all work, mistakes can always happen.

**And vice versa: What if companies make mistakes? How can the chambers of commerce and industry and institutions acting on behalf of the state then react?**

*Kürn:* If, for example, considerable abuses are revealed in training companies, we can withdraw their training authorisation. The same applies to trade licences: As part of our legal supervision, we can or are even obliged to take away a company's trade licence under certain circumstances. However, the withdrawal of a training authorisation or trade licence should only be applied as a last resort. The principle of proportionality applies. First of all, we try to persuade the companies to put a stop to the abuses.

**The public tasks assigned by the state are also implemented by voluntary work. How do you motivate people to take on such tasks?**

*Ortlepp:* Often people who are already involved in voluntary work also take on CCI tasks. They already work in associations or, as is often the case, in local politics and then also for the CCIs.

*Kürn:* They get a lot in return for their commitment—and that's how we advertise. Through their commitment, they stay up to date with regard to content, exchange knowledge with other companies, share it, expand their expertise, look beyond their own horizons and network.

**In other words, involvement in public tasks delegated by the state also makes companies more innovative?**

*Kürn:* Yes, because this commitment promotes a professional exchange and thus the dissemination and further development of practical knowledge. This also especially applies to their involvement in examinations, because it is very much about content-driven tasks.

**How do the public tasks that companies support voluntarily have an overall effect on the mindset of the entrepreneurs, on their willingness to get involved?**

*Ortlepp:* If someone has good experiences with voluntary work—for example as an examiner—, then this can often lead to even greater commitment to the economy and ultimately to the common good. What we observe time and again, in particular, is that the committed companies, who for example act as examiners, are willing to accept further honorary positions, for example in the expert committees or in the general assembly, especially in the chamber of commerce and industry itself.

**Do you see the delegation of public tasks to the CCIs as a good argument for promoting a CCI system in our readers' countries?**

*Kürn:* If state administration is replaced by self-governance, this leads to a win-win situation for both state and society. The state conserves its own resources and the companies benefit from the fact that such tasks are carried out in a business-oriented, streamlined, flexible and cost-effective manner.

**Dr. Ortlepp, Dr. Kürn, thank you very much for the interview.**

## **Vocational Training—Ensuring the Quality of Vocational Education and Training**

*The state has given the chambers of commerce and industry the task of co-organising vocational training and ensuring that it is of the highest possible standard on a permanent basis. The chambers implement this by registering training companies, organising and conducting initial and further vocational training examinations, aptitude tests for trainers and much more. The chambers of commerce and industry play a key role in the vocational training system.*

Whenever the German economy is discussed abroad, the model of dual vocational training as practised in Germany is usually highlighted. Through this model, young people are not only trained in an occupation but also receive thorough practical and theoretical training in companies and at special schools. The training content is regularly adapted to the developments and needs of the sectors. This model has many advantages: With its help, the companies can ensure their individual and sustainable need for competent skilled workers. And, they can expand their innovative and competitive capacity. Last but not least, dual training contributes to achieving the promised level of quality known as “Made in Germany”. This strengthens Germany as a location and the competitiveness of Germany as a whole. The fact that Germany is a country with a very low youth unemployment rate in international comparison is also attributed to the dual training system. In 2017, the youth unemployment rate was just 5.2%. By way of comparison: More than one in two young people in Kosovo is without a job. And even within the European Union (EU) there are states with rates of more than 25%. It is, therefore, understandable that dual training is not only known and famous all over the world, it has also become an export hit. Demand is increasing worldwide, and the federal government is pushing for this accordingly. The iMOVE initiative promoted by the Federal Institute for Vocational Education and Training (BIBB) observes that emerging countries with a rapidly growing population find this model particularly interesting in order to offer their young generation promising prospects for the future, but also to meet their growing demand for skilled labour with well-qualified young people and thus increase their international competitiveness. With the help of the BIBB, the South American countries of Colombia and Paraguay are even developing and implementing their own models for dual vocational training.

### **A German Speciality: Dual Vocational Training**

But what exactly does dual vocational training mean? Dual means that—unlike in most other countries—young people complete their training at two places of learning in tandem and not simply one after the other:

- The practical and predominant part in their respective training company and, at the same time,

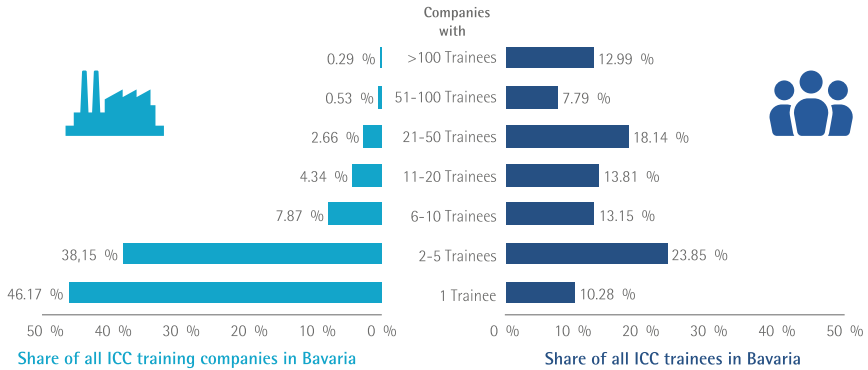
- In vocational schools, where students complete the theoretical, accompanying part, in which subject-related and general education skills are taught on the basis of a framework curriculum.

The two dual partners, the company and the vocational school, work closely together. As a rule, training lasts two to three and a half years—depending on the occupation, previous knowledge and performance. What also makes dual training attractive from the trainees' point of view is that, whereas in the past, the apprentice used to have to pay an apprenticeship fee to his or her master to be trained at all, nowadays it is the other way around. Throughout his or her apprenticeship period, the trainee receives a monthly training allowance from the company, which is staggered according to the occupation and year of training. As the latest evaluation of collectively agreed training allowances by the Federal Institute for Vocational Education and Training (BIBB) has shown, allowances in Germany for 2017 averaged EUR 876 per month. Nevertheless, there are sometimes significant differences. Plant mechanics, for example, already earn around EUR 1,000 in their second year of training, while prospective restaurant specialists generally do not reach this level even in their last year of training. (Look at Fig. 5.1.)

If a person's training is in the industrial, trade and services sector, the chambers of commerce and industry come into play. They play a decisive role in the organisation and quality assurance of dual vocational training. The regional chambers of commerce and industry register the training contract, organise the respective intermediate and final examinations, and hold the examination and schedule examiners. Similarly, the respective regional Chamber of Trades and Crafts is responsible for the craft trades.

Training	→ in the company	→ at the vocational school
Legal basis:	Vocational Training Act (BBiG - of 14.8.1969, amended on 23.3.2005)	School laws of the federal states
Contractual commitment:	Training contract between company and trainee	Compulsory vocational school attendance, vocational school qualification
Basis:	Training ordinance (regulated uniformly at federal level)	Framework curricula of the federal states (coordinated nationwide)
Duration:	3 to 4 days per week in professional practice	1 to 2 days per week or block teaching in specialised classes
CCI examination		

Source DCCI



Figures as of December 31, 2019 | Source: Bavarian Chambers of Commerce and Industry

**Fig. 5.1** Almost half (46%) of all active training companies have only one trainee. This means that small companies, in particular, are involved in providing vocational training

### Short History of Dual Vocational Training

In the past, young people were trained exclusively in companies. The industrial companies aligned their training efforts with the craft companies. But with time it became clear that apprentices also needed a certain theoretical background, especially when it came to mathematical and scientific subjects. In Bavaria, the vocational training system has its origins in a royal decree on the chambers of commerce and industry dating from 1908 which, as the self-governing bodies of the economy, were assigned responsibility for vocational training. In 1927, the CCI Nuremberg conducted the first examination for skilled workers, one year later the CCI Munich established the first commercial assistant examination in Southern Germany.

In 1969, the German Bundestag finally passed the Vocational Training Act (BBiG). It provided and continues to provide uniform regulations in vocational training throughout Germany—so that trainees in Hamburg learn the same things as those in Munich. In addition to dual vocational training, the law also defines the term vocational training as preparation for vocational training, further vocational training, also known as higher vocational training, and vocational retraining. The law also defines the legal basis of vocational schools and the trainee’s entitlement to remuneration. Finally, the law designates vocational education and training in the fields of industry, trade and services to the chambers of commerce and industry (CCIs) as a statutory, sovereign mandate: The CCIs co-organise vocational education and training, they have to ensure its quality and should work towards the further development of the quality underpinning vocational education and training. In doing so, they stand for the equivalence of academic and vocational education and training. The specific role of the CCIs in post-vocational training is described below and in Chap. 6 in the article on the CCI Academies.

## Quality Assurance for Dual Vocational Training by the CCIs

The CCIs contribute to the quality assurance of training by

- supervising and advising companies and trainees with their special educational advisers
- determining whether companies are suitable as training companies and certifying them
- checking that the instructors responsible have the required qualifications
- continuously supervising and checking the company training
- registering all training contracts
- organising intermediate and final examinations and issuing certificates
- promoting and qualifying trainers and examiners
- recruiting apprenticeship places
- supporting companies in the search for trainees
- mediating in disputes between the trainee and the company
- providing assistance with the organisation of trainee stays abroad

## Cooperation Between Government and Business

In dual vocational training, the state and business are equally involved: Through the Vocational Training Act (BBiG) and the Crafts Code (HwO), the state defines the framework conditions and standards for training—such as the rights and obligations of trainees and their remuneration—and it also defines the suitability of training facilities and training personnel, and it regulates the final examination, and so on. The Federal Institute for Vocational Education and Training (BIBB) prepares training regulations and is responsible for drafting the training regulations in collaboration with experts from day-to-day vocational practice. These are coordinated with the framework curricula of the vocational schools, which in turn are drafted by experts from the federal states (appointed by the Ministries of Education and Cultural Affairs). The involvement of the state in vocational education and training, the clear specifications via the BBiG and the training regulations ensure the nationwide standardisation of training.

The business community is involved in vocational education and training by providing practical training in companies and, among other things, through the chambers of commerce and industry (CCIs), which supervise training as a public task assigned by the state. It should be mentioned here that the CCIs carry out their training-related tasks not just via the primary (full-time) office, but also with the intensive support of the voluntary office. In Munich and Upper Bavaria alone, around 10,000 company representatives are deployed as examiners.

In addition, the industry is also involved in the further development of vocational education and training through the BIBB and other organisations. For example, the Association of German Chambers of Commerce and Industry, the nationwide umbrella organisation for all chambers of commerce and industry, is



represented on the BIBB’s committees alongside other business representatives. The fact that business and industry are involved in vocational education and training, in turn, ensures that knowledge and skills that are actually needed in working life are imparted during training. (Look at Fig. 5.2.)

### The Vocational Training Committee

The Vocational Training Committee is an important body within the chambers of commerce and industry that supports the quality assurance and further development of training, but also of vocational training as a whole: In contrast to the other specialist committees of a chamber of commerce and industry, this is a body prescribed by the Vocational Training Act. For every six representatives, the committee consists of the employer—that is CCI members—as well as employees and teachers at vocational schools; the teachers have an advisory vote (cf. also Chap. 4, Articles on vocational training). Each member has a deputy. It must be informed and consulted on all important matters of vocational education and training. In particular, the committee must work towards the steady development of the quality of vocational education and training within the scope of its tasks.

APPRENTICESHIPS*	2018	2019	FIVE YEAR TREND
Retail management assistant	4,886	4,467	
Management assistant for office management	3,983	3,829	
Salesperson	3,952	3,738	
Computer science expert	3,119	3,314	
Industrial management assistant	3,524	3,181	
Industrial mechanic	2,707	2,612	
Management assistant in wholesale and foreign trade	2,171	2,094	
Management assistant in retail business	1,643	1,790	
Mechatronics engineer	1,779	1,731	
Hotel industry expert	1,720	1,718	
Warehouse logistics specialist	1,669	1,653	
Cook	1,469	1,466	
Industrial electronics technician	1,378	1,362	
Metal cutting mechanic	1,118	1,058	
Skilled warehouse operator	1,030	1,056	

\* Disciplines are summarized

Figures as of 31.12.2019 | Source: Bavarian Chambers of Commerce and Industry

**Fig. 5.2** Steady popularity for years: the most sought after apprenticeships in Bavaria

**Box: Facts and figures of the Bavarian Chambers of Commerce and Industry 2017**

- With more than 138,000 registered apprenticeships, the Chambers of Commerce and Industry in Bavaria are responsible for 57% of the apprentices in Bavaria.
- The number of active training companies fell by 0.5% to 30,899 after a decline in 2016.
- The proportion of training contracts with trainees without German citizenship rose steadily, to 9.0% in 2017.
- More than 160,000 people passed a vocational training and further education examination at the Bavarian Chambers of Commerce and Industry in 2017.
- The proportion of trainees with higher school-leaving qualifications remained constant in 2017 at 70% of all training contracts concluded.
- In 2017, more than 14,000 training places remained unfilled. This represents an increase of 19.3% compared to 2016.
- The number of newly concluded CCI training contracts in Bavaria rose by 0.4%.
- Approximately 72% of training contracts that fall to the responsibility of the CCIs in Bavaria are concluded in 20 training occupations.

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### **Case study 1: Shortage of Apprentices—Supporting the Training Companies with Targeted Campaigns**

In recent years, the number of higher education students has steadily increased. At the same time, many companies are unable to fill their training positions. At the start of training in 2018, there were still 16,000 vacancies in Bavaria alone. The chambers of commerce and industry, therefore, support their member companies with numerous activities so that the dual vocational training system and the training professions become better known and companies can find suitable applicants. (Look at Fig. 5.3.)

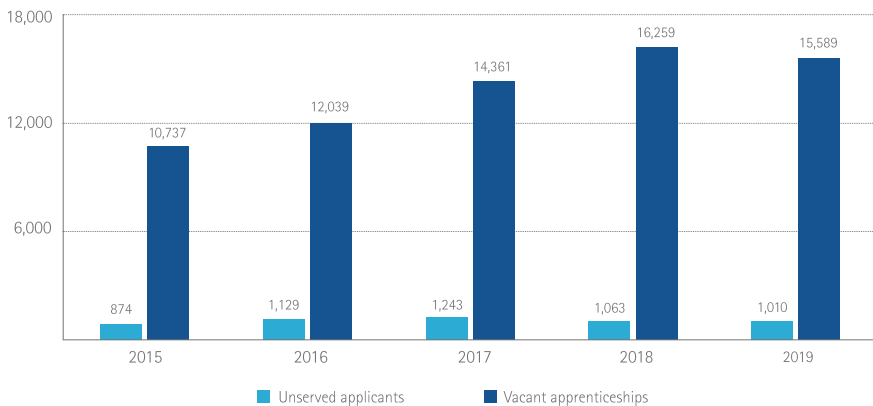
### **Nationwide Online Apprenticeship Exchange**

The joint nationwide online apprenticeship platform of the chambers of commerce and industry was launched in the spring of 2012 with the aim of bringing together young people seeking training and companies looking for apprentices with greater speed and ease. The platform enables young people to search specifically for

apprenticeship vacancies, dual courses of study, combined training and further training, as well as job-oriented internships in specific regions. In addition, there is a lot of interesting information on the respective professions such as job descriptions, videos and photos.

But there are also numerous regional offers from the chambers of commerce and industry, for example in Bavaria as well as in Munich and Upper Bavaria:

- **Parental pride or “Elternstolz”:** Since February 2016, the campaign “Ausbildung macht Elternstolz” (“Vocational apprenticeships make parents proud”) by the Association of Bavarian Chambers of Commerce and Industry has been addressing parents in a targeted manner on the Internet (QR Code), with posters, radio and cinema advertising, to encourage them to take a positive attitude towards vocational training for their children.
- **CCI Vocational Training Scouts:** With this project, the Bavarian CCIs directly address pupils to support them in their choice of career. Since 2016, they have sent over 1,000 trainees to schools to report on their experiences in vocational training.
- **Education partnerships:** With the project entitled “Education Partnerships”, the CCI for Munich and Upper Bavaria supports the expansion, dissemination and ongoing development of cooperation between schools and companies. The purpose of these partnerships is to bring a positive image of vocational training into schools—for example, through company tours, shared projects, teacher and student internships or job application training, which is made possible by the companies.



Source: Federal Employment Agency, training place market, monthly data – analysis data, September 2015 to 2019, each as of September 30 | Bavarian Chambers of Commerce and Industry

**Fig. 5.3** Large gap: The willingness to provide vocational training in Bavarian companies is high, but there is a shortage of applicants—partly due to demographical change

- **CCI Education Express:** This is a special offer where pupils from the districts of Mühldorf and Altötting can find out about apprenticeships at companies in the region during a train journey from Mühldorf to Salzburg. The companies present their offers in the train during the journey.
- **Training fairs:** In Munich, Rosenheim and Ingolstadt the “IHKjobfit!”, a cooperation between the chamber of commerce and industry for Munich and Upper Bavaria and Munich’s Employment Agency, takes place at regular intervals. At this training fair, interested young people can find out about current training occupations and dual courses of study. CCI companies from a wide range of sectors present themselves and work to establish initial contacts with potential trainees.

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## **Case Study 2: Vocational Training and Trainer Aptitude— Ensuring Quality in Training**

Qualified specialists are in short supply in Germany and will continue to be urgently sought in the future. This year, the Bavarian economy alone lacks roughly 260,000 qualified employees across all sectors. According to the CCI’s specialist employee monitor for Bavaria, the shortage will rise to 450,000 people by 2030. One way to find good personnel despite a highly competitive market is to train them yourself, qualifying them to meet the needs of your own company and retaining them. A positive side-effect: those who train offer young people career prospects and actually do something good for society. Especially when they also offer the chance to those who, at first glance, do not appear to be the optimal candidates for a training position. As of 31 December 2017, there were some 190,670 training companies throughout Germany and 30,900 in Bavaria.

### **Requirements and Specifications for Training**

Training skilled workers in one’s own company therefore offers advantages to every company. However, a training company also assumes a special responsibility towards its trainees. In the interest of all parties involved, a certain minimum quality of training must therefore be guaranteed. This is achieved by providing a legally prescribed uniform framework for all. Thus, a company wanting to provide training must fulfil certain requirements and specifications:

- **Vocational Training Act:** The Vocational Training Act (BBiG) and the vocational training ordinances *for the respective occupations form the basis of inter-company vocational training*. All the skills, knowledge and abilities stipulated therein must be taught during the planned training period. Training must be structured in terms of time and content.

- **Vocational training requirements:** Apprentices may only be recruited and trained if the type and facilities of the training institution are suitable for vocational training and the number of apprentices is proportionate to the number of skilled workers employed there (usually two to three skilled workers per apprentice).
- **Personal and professional aptitude:** Trainees may only be employed if the company's employees are personally suitable. Trainees may only be trained by people who are personally and professionally qualified.

### **Special Regulation: “Shared Vocational Training”**

There is a special regulation for training centres in which the necessary vocational skills, knowledge and abilities cannot be fully imparted. These can still be classified as suitable training companies if their trainees can prove that they can learn the missing skills and knowledge afterwards or before when at another company. This is then referred to as shared vocational training. This is sometimes particularly helpful for small or highly specialised companies that still want to provide in-house vocational training. Take the example of an office management assistant: Here it is legitimate for a small company to send its trainee to the company's own tax adviser so that he or she can acquire additional tax and accounting knowledge.

### **Registration of Training Companies**

Whether or not a company fulfils the above criteria and is suitable as a training company is decided by the respective CCI (Chamber of Commerce and Industry) in the case of CCI member companies. All training companies must also be registered with the CCI. The CCI and its training advisers are generally the point of contact for all training companies among its members, including those that are planning to provide training for the first time. These companies must first fill out a questionnaire from the CCI which asks, among other things, in which occupations training is to be provided and who is to take over training in the company. Then the CCI educational adviser contacts the company. He or she advises the company and informs it of its rights and obligations, for example the special provisions of the Youth Employment Protection Act, which regulate the maximum working hours and the type of work for young people. Then he or she visits the company to gain an idea of the conditions on site. In doing so, the training consultant checks, among other things, whether the company is adequately equipped both technically and spatially to provide training and, above all, whether there are enough qualified training personnel available to take on the task, which can be quite time-consuming at times. If all conditions are met, the CCI officially declares a company to be a training company, certifies it and registers it. In 2017, 3450 companies from Bavaria

successfully passed the aptitude test conducted by the CCIs and thus acquired the right to train young people.

## Trainers and Proof of Suitability

The trainers are the key factor in determining aptitude because they teach the training content at the vocational training company. Therefore, anyone who wants to train must meet certain personal and professional requirements. The company willing to provide training must make appropriate provision for this.

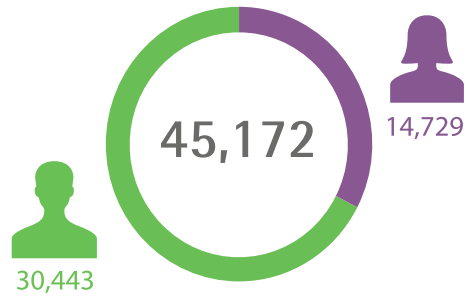
- **Personal suitability:** Trainees may only be hired if the company is or the company's employees are personally suitable. This prerequisite is generally met by every entrepreneur, trainer or training officer unless they have repeatedly or seriously violated the Vocational Training Act or are not allowed to employ children and young people. The latter is the case if someone has been sentenced to at least two years' imprisonment for a criminal offence, for a violation of the Narcotics Act or for distributing written material deemed harmful to young people.
- **Professional aptitude:** A further prerequisite for working as an instructor is professional aptitude. Anyone who has the necessary professional, vocational and pedagogical skills is considered to be professionally qualified. These must be documented. As a rule, trainers have passed a final examination in a field corresponding to the occupation for which they are trained and also have professional experience. In addition, however, they have to prove their vocational and work-related pedagogical skills by passing a trainer aptitude test according to the so-called Ordinance on Trainer Aptitude (AEVO). A number of educational institutions offer courses that prepare for this examination. In these courses, participants receive tips on how to organise training and develop a training plan. Other topics include checks on learning, examination preparation and the drafting of certificates. In addition, the trainers teach the legal framework of training courses. Such vocational training for trainers with a final examination is the only recognised and uniform qualification for proof of vocational and work-related pedagogical knowledge nationwide. The CCIs hold the examinations.

In 2019, more than 45,000 individuals were registered as company trainers in Bavaria. (Look at Fig. 5.4.)

## Supporting the Trainers Through the Training Officers

The certified instructor can define subtasks and delegate them to so-called training officers. These are committed employees who themselves have not passed an instructor examination, but who would still like to prepare the next generation for

**Fig. 5.4** In Bavaria alone, there are more than 45,000 trainers who guide young people towards their profession



*Figures as of December 31, 2019  
Source: Bavarian Chambers of Commerce and Industry*

their professional future. However, the trainer is responsible for monitoring their deployment and the progress of the training in question. Training officers must also have the necessary qualifications for teaching training content and must also be personally suitable.

As the guardian of quality in vocational training, the chamber of commerce and industry also carries out spot checks to ensure that training companies and trainees fulfil their obligations. In case of dispute, it can also mediate between the parties. It also makes recommendations on the occasion that companies provide training in certain occupations where there is increased demand and recruits new training companies accordingly.

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### **Case Study 3: Dual Vocational Training at HiPP GmbH & Co. Vertrieb KG in Pfaffenhofen/Ilm—Training Employees from the Very Beginning to Meet the Special Needs of the Company**

Over the past five years, the number of active CCI training companies in Bavaria has fluctuated consistently between 31,000 and 32,000, with new ones being added all the time, but companies are also dropping out, for example because their training places remain unfilled. And then there are long-established companies like HiPP GmbH & Co. Vertrieb KG, which have been permanently and continuously involved in dual vocational training for many decades. 60 trainees are currently in training at the company’s headquarters in Pfaffenhofen an der Ilm in eight different dual vocational training disciplines and three different fields of study (see box below). What HiPP particularly appreciates about the dual vocational training system is the balanced combination of theory and practice, as well as the opportunity to train employees from the very beginning to meet the special needs of the company: “We often find that university graduates have a very technical-oriented

education and therefore require a longer period of familiarisation” says Josef Hönig, HR Officer in the area of junior staff development at HiPP. “And even though we naturally need academics for the perfect mix of our teams, we believe that dual vocational training is the best way to enter into lifelong learning. Moreover, educational pathways have become very permeable. “Anyone who still wants to become a master craftsman or study after the training can do so,” said Hönig.

## **Needs-Based Training**

One of the first apprenticeships offered by the organic baby food manufacturer, which was founded in 1932, was that of an office clerk. “But, of course, the training at that time cannot be compared to today’s training as the requirements have risen sharply” smiles Hönig, himself a company employee for around 20 years. “Today, we no longer train office clerks at all, but instead industrial clerks with an additional qualification as a foreign language correspondent in English (CCI).” For a company such as HiPP, which on the one hand is very regionally oriented, but on the other hand produces its product range at several locations abroad and whose sales markets are located throughout Europe as well as in South Africa and Asia, this was a target-oriented decision: After all, with a good command of English, employees can be transferred abroad more easily and more readily. And given that HiPP wants to employ as many trainees as possible in its own company, later on, the company takes full advantage of the opportunity to prepare its future specialists for tomorrow’s requirements during their training. “Our hiring rate is 100%” says Hönig, “and after ten years, four out of five of the employees we have qualified are still with us. This also applies to Lisa Kislinger. She completed a dual vocational training programme as an industrial clerk at HiPP. Afterwards, the 23-year-old continued her training as an HR Manager alongside her work. She now works in the HR Department of the Pfaffenhofen-based company. During her training, Kislinger went through numerous departments, looked after the prospective trainees, and was allowed to manage the realisation of a new baby toy—a so-called “Greifling”—from its development through to quality assurance and marketing. “Trainees take on responsibility at HiPP at an early stage. They are divided into groups and then manage their own projects”. The same applies to the Media Team, which is responsible for the company’s own trainee blog, in which trainees report on their everyday lives. “The aim is to ensure that the trainees are given the right amount of tasks and responsibility at an early stage,” says Kislinger.

## **Trainee Acquisition**

The company is still able to fill all its apprenticeship places—even if the shortage of skilled workers has already spread to the apprenticeship sector. Sometimes, however, flexibility is also required. “If, for example, we find four applicants for every two advertised positions in a training occupation who are an ideal match for us, then



it may well be that we take all four of them and train less in this area the following year,” says Hönig. When it comes to trainee acquisition, the company at this location naturally benefits from its name and size. HiPP employs around 1,200 people at its Upper Bavarian headquarters. “But since we fish in the same pool of applicants as other well-known companies, we still have to actively recruit young people” adds Hönig. “This is how we work together with the schools, take part in the CCIjobfit! training fair, offer trial internships and much more. At the so-called “Applicants’ day”, interested parties and training companies then have the opportunity to get to know each other better and to check whether they are a good match. Kislinger also found her way to the organic food producer through a career information evening and an internship, as do many trainees. On its homepage, HiPP also offers a wealth of information on the various training opportunities it has, the trainee blog and a trainee check, which young people can use to find out which job at HiPP might suit them best.

### **Trainee Check as a Source of Career Orientation**

This self-check makes sense, as there are certain professions that are more popular than others, “simply because they are better known” says Hönig. For example, many people can imagine what a mechatronics engineer does, “but very few people know that, for example, training to become a food technology specialist is also very varied and interesting, given that 50% of your work is related to technology and 50% to food. On the one hand, trainees in this vocational apprenticeship learn how to produce food from raw materials using highly technical production facilities. On the other hand, they are instructed in the operation of the production facilities and are given an overview of the control and monitoring of the production process.

### **Solving Problems Together**

Like all other training companies, HiPP also had to have itself recognised as a training company by the Chamber of Commerce and Industry. The company has one full-time trainer per training discipline, in addition to numerous part-time trainers and so-called trainee supervisors. “There is no other way to ensure the quality of training in a company that has 20 different departments alone in the commercial sector to which the apprentices can transfer” explains Hönig. However, the trainers not only take the basic trainer aptitude test, they also receive further training as part of an internal training programme. “We also work closely with the Bavarian Trainers’ Academy. This initiative by the Bavarian Chambers of Commerce and Industry certifies the competencies of the individual trainers in a three-step procedure. In addition, there is an exchange with other companies and the CCI about training topics and, sometimes, even about problems that arise during training.”

Sometimes it can happen that not everything goes smoothly. “For example, we wanted to train a young person as an industrial mechanic as per his request. But within the first four months it became clear that his manual skills were not sufficient” Hönig recalls. “In close cooperation with the Chamber of Commerce and Industry and the vocational school, we then found a mutually satisfactory solution”, says the HR Officer. “After all, as a training company, we have a duty of care towards the young man, as we chose him as a trainee. His current training contract was terminated. Instead, he received a new training contract as a specialist for warehouse logistics and was allowed to change to the corresponding vocational school class in the first year of training without any major issues. “It was a win-win situation,” says Hönig happily, “in the end the boy graduated and we gained a qualified employee.”

**Box: An Overview of Training Professions and Courses of Study at HiPP**

HiPP currently trains eight dual professions:

- Industrial clerk with additional qualification as foreign language correspondent—English
- Warehouse logistics specialist
- Specialist for food technology
- Mechatronics engineer
- Electronics engineer
- Industrial mechanic (m/f)
- IT specialist in the field of application development
- Laboratory chemist
- Chef.

**The company also offers three dual courses of study**

- Business Administration in cooperation with the Baden-Württemberg Cooperative State University Mosbach
- Business Information Technology in cooperation with the Technical University of Ingolstadt
- Environmental protection with the Weihenstephan-Triesdorf University of Applied Sciences.

**Open for New Job Profiles**

The demands of the working world are changing. Business and politics are reacting to this. On the one hand, new job profiles are being created. These include, for example, the e-commerce clerk. E-commerce clerks work in companies that sell goods or services online—not only in wholesale and foreign trade, retail trade or the tourism industry but also with manufacturers and service providers (see also case study 6: Further development of training occupations). Given that digitisation is also an important topic at HiPP, the company may also train apprentices in this occupation in the future. On the

other hand, there are innovative solutions such as the combination of initial and continuous training. The industrial clerk is an example of this with further training to become an English foreign language correspondent (CCI). Since 2016, the CCI has been offering this additional qualification in cooperation with the Pfaffenhofen vocational school for trainees working in the disciplines of office management, banking and industry. HiPP also provides intensive training in this profession. The dual qualification, comprising an apprenticeship and further training, benefits both the trainees and the training companies. In just three years, participants acquire two recognised CCI qualifications, ideally coordinated in terms of content. English language skills such as conversation, modern business correspondence, the translation of business-related texts in the most diverse situations of the professional world, as well as inter-cultural background knowledge make foreign language correspondents an irreplaceable aid for all companies doing business abroad.

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#### **Case Study 4: Trainee Portrait Melissa Bauer, ConSol Consulting & Solutions Software GmbH—Combining Vocational Training and University Studies, Increasing Career Opportunities**

University studies or a dual vocational education? This is one of the central questions many young people have to deal with today in the course of their career planning. In 2017, around half a million school leavers began studying, and just as many new training contracts—a minimal number—were registered. 20 years ago, twice as many school leavers opted for vocational training instead of university studies. The trend towards academia in Germany is steadily progressing. According to the Bavarian State Office for Statistics, the number of first-year students at universities in Bavaria rose from around 74,200 in 2015 to over 81,100 in 2017. Many of Melissa Bauer’s friends and acquaintances also preferred a normal course of study to an apprenticeship. “However, it became clear early on that I wanted more practical relevance,” says Bauer from Landau an der Isar. So she seemed to be interested in exactly what a dual vocational training programme offers: Theory in the vocational school, parallel application in the company. Bauer went in search of detailed information about the various training opportunities, took an online test at the Federal Employment Agency to find out which professions would suit her, and finally came across training as an IT specialist in application development.

## **A High Affinity for IT from an Early Age**

In year 6 at school, Melissa Bauer had computer science for the first time, and from year 8 onwards, she dealt independently with the software of her mobile phone. “I was on fire, I really wanted to learn the Java programming language” Bauer recalls. Without any special previous knowledge, she took part in an online course and a computer science camp at the renowned Hasso Plattner Institute at the University of Potsdam. Afterwards, it was clear to her: “Computer science - that’s it.”

For Bauer, who graduated from senior school in 2017, the job as an IT specialist in application development really seemed like it was made for her: strong IT and user orientation with a focus on software, practical training, acquiring technical and social skills in the company and earning money at the same time. “But should I forgo studying?” she thought again. “Why? I can and want so much more.” So she did some more research, discovered the dual study option and finally decided on it with a view to further career opportunities. A dual course of study means that the trainee studies as part of their vocational training. Via the Hochschule Dual website, she searched for companies that offer so-called compound study (see below) involving computer science in combination with training as an IT specialist in the field of application development. ConSol Consulting & Solutions Software GmbH in Munich, a CCI-approved training company for 20 years and recognised as particularly family-friendly, immediately met with her approval. Since 1984, the medium-sized company, which currently employs around 260 people, has established itself on the market as an IT service provider. Bauer’s online application was promptly followed by a call from the company. She and ConSol quickly found good common ground, even though the general conditions for her studies did not fit at first. The company, which usually trains exclusively for its own needs, has traditionally cooperated with the Cooperative State University in Heidenheim. In contrast, their new apprentice and computer scientist in the making wanted to work and study in Munich, “not least because the Munich University of Applied Sciences has a very good reputation in this course of study” says Bauer. ConSol agreed.

## **Two Career Paths, Two Qualifications**

In September 2017, the new trainee started her dual training programme. As early as October, there were two weeks of theory in a row at the Municipal Vocational School for Information Technology (BFS) in Munich. At the company, Bauer was soon able to work on the company’s own trainee network, learn about different access authorisations and how to programme them. She and the seven other current trainee colleagues—including prospective IT specialists in system integration and commercial trainees such as office administrators—are supervised by specially trained colleagues. Bauer’s training in the company follows a detailed training plan.

At the beginning of her second year of training, the prospective IT specialist for application development began her studies in computer science at the University of

Applied Sciences in Munich. Once she has completed her training, Bauer will remain with the company for at least another year as part of her studies.

## **Working Independently at ConSol Even as a Trainee**

Working in a company today, vocational school tomorrow and learning for your studies at the same time, all this over a period of several years, is quite a challenge. This is why the young woman often got to hear from her family and circle of friends: “It’ll all be very tiring. Do you really want to do this?” Melissa Bauer decided to do it in spite of everything. In her view, the arguments in favour of combining dual training and studies were too convincing: two recognised vocational qualifications, a course of study that she can finance in part through her training allowance, theory and practice in combination, earning her own money and very promising career prospects. “IT specialists with practical experience are in demand, they can choose their job”. Not to mention the relatively free, self-determining project work like at ConSol. Like many small to medium-sized IT companies, the Munich-based company works according to the principle of “Management by Objectives”. In other words, employees are given a goal to be achieved and a time window in which to reach it, but not the way to get there. Which software they use, how they allocate their time is left to each individual in consultation with their colleagues. This also applies to the trainees. For example, Bauer and her IT trainee colleagues were given the task early on of revising the employee portal with very limited time—namely within three months—including setting up certain new search functions and features. In doing so, they had to organise themselves. In addition, they are permanently and independently responsible for their trainee network.

In the meantime, Melissa Bauer has given up vocational school in order to have more time for studying and working in the company. As a high school graduate, she is entitled to attend vocational school, but is not required to attend vocational school. All in all, after 4.5 years she will have finished everything, will have a dual vocational training qualification and a bachelor’s degree in her pocket. Whether or not she would do a dual vocational programme training again is out of the question for the IT specialist in the making. She is already planning one step further: “Maybe I’ll even go on to do the next higher qualification and become a technician.”

### **Box 1: At a glance—IT specialist in the field of application development**

The IT specialist in the field of application development is a recognised training occupation (dual vocational training) in commerce and industry as well as in the skilled trades (regulated by the Training Ordinance). The training period is three years. IT specialists in the field of application development develop and programme customer-specific software applications. They create new individual software or test existing applications, adapt them and develop application-oriented user interfaces. For their work, they

use programming languages and tools such as developer tools. They also take on tasks in project planning and control. They also correct errors with the help of experts and diagnostic systems and advise or train users.

Sample training allowance per month:

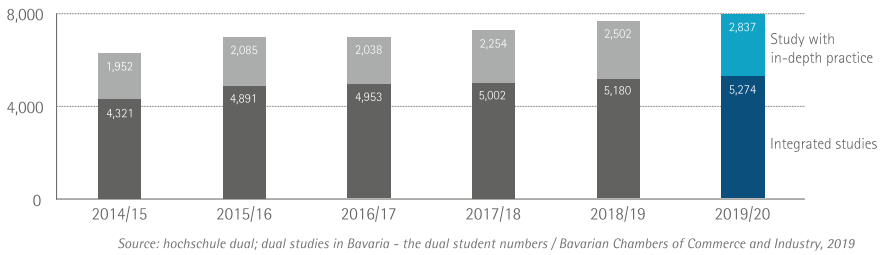
- First year of vocational training: EUR 550 to EUR 750 (trades and crafts\*), EUR 976 to EUR 1,053 (industry\*)
- Second year of vocational training: EUR 600 to EUR 810 (trades and crafts\*), EUR 1,029 to EUR 1,102 (industry\*) - -
- Third year of vocational training: EUR 700 to EUR 900 (trades and crafts\*), EUR 1,102 to EUR 1,199 (industry\*)

\* Varies according to the federal state. Source: Federal Employment Agency

### Box 2: Excursus: Dual study

Nowadays the education system in Germany is much more permeable than it used to be and offers numerous ways to develop professionally. One of these ways is to study within the framework of vocational training. There are different options throughout Germany, for example the two options in Bavaria that are listed below. Two-thirds of dual vocational students in Bavaria have opted for combined studies. That is currently around 4,850 young people. (Look at Fig. 5.5)

- **Combined studies:** This stands for the combination of university studies and parallel vocational training in a company. The vocational training is fully recognised by the CCI or the Chamber of Trades and Crafts. The combined study programme includes a regular bachelor's at the university (culminating in a degree), vocational training in the company (with a vocational qualification) and qualified practical activities that prepare students for their future tasks in the company. The bachelor thesis is largely written in the company. A combined study programme usually lasts 3 to 3.5 years with training lasting 4.5 years.
- **Studies with in-depth practical experience:** This is the combination of intensive practical experience in the company and studies at a university. Students gain practical experience in the company parallel to their regular bachelor or master studies at university. However, vocational training—as in the case of a combined study programme—is not a component. The



**Fig. 5.5** In Bavaria, the focus of the dual courses of study is on the combined study, where graduates obtain a vocational training qualification and a degree

students complete a regular bachelor's degree at the university (with a degree), intensive practical experience in the company with their own projects and preparation for their later field of activity in the company, as well as a bachelor's thesis (completed partly in the company). The course of study lasts 3.5 years—including the practical part.

### Box 3: Not Yet Ready for An Apprenticeship? Help for Companies and Trainees

Not all trainees are as tough as Melissa Bauer. Companies in Germany, for example, complain time and again that school leavers lack the intellectual maturity needed for vocational training. Surveys in Munich and Upper Bavaria also confirm this assessment. The German state helps with programmes that support young people, but also the trainers in the companies. In one of these programmes—the company entry-level qualification process—the chambers of commerce and industry are also on board. They issue a certificate upon request.

- Company entry-level qualification:** For young people who are not yet ready for conventional training or who have so far been unsuccessful in finding a training place, an entry-level qualification (known as an “EQ”) culminating in a CCI certificate can be the door opener to company training. In turn, the EQ gives companies the opportunity to discover new talents in young people that only become apparent in the practical work environment. An EQ is a company-based long-term internship that lasts between six and twelve months. The Federal Employment Agency contributes to the remuneration paid by the employer with a financial subsidy. Once the participant has successfully completed the internship, he or she

receives a certificate from the company and a certificate from the chamber of commerce and industry upon request.

The CCI umbrella organisation, the Association of German Chambers of Commerce and Industry, has developed EQ examples derived from existing training occupations. Each of these examples contains the contents that are to be taught during the EQ, as well as a model company certificate and a model CCI certificate. For example, there are EQs in the fields of trade, business and administration, the hotel and catering industry, security services, recycling/disposal services, electrical engineering, printing, construction, information technology or in the processing of wood, metal and stone.

- **Assisted vocational training:** Young people without or with only a low-level qualification are often capable of more than first appearances would have you think. One way of demonstrating their skills is with assisted vocational training (AsA): While the company provides training for these disadvantaged young people, it receives intensive and ongoing support from a training provider commissioned by the Federal Employment Agency. The costs for this are borne by the agency. Both the company and the trainee receive support, which is individually tailored to their needs. For example, the company receives assistance with the administration, organisation and implementation of the training or the stabilisation of the vocational training relationship, with the latter also entailing personal accompaniment in the day-to-day operations of the company. The trainee receives support in the form of comprehensive knowledge transfer in general education or specialist theory, language instruction or helps with problems stemming from their social environment.

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### **Case Study 5: Voluntary Examiners—Working Hand in Hand with the Chamber of Commerce and Industry to Improve the Quality of Vocational Training**

The organisation and implementation of examinations in vocational training and further education, as well as technical and specialist knowledge, is one of the core tasks of a chamber of commerce and industry. Each year, the CCI for Munich and Upper Bavaria alone holds around 60,000 examinations in more than 230 training



occupations, as well as 70 further education courses and 20 specialist disciplines. In 2017, 24,059 apprentices took part in their final examinations. They passed with a rate of 93.47%. There were also 8,747 intermediate examination participants. A total of 11,551 people took part in further training examinations, 68% of which were successful. 12,560 people took part in so-called specialist examinations, with 65% passing overall.

It is not possible to achieve so many examinations with only full-time employees. The CCIs are dependent on the cooperation of expert practitioners from the companies—among other things - in order to guarantee the prescribed high quality of examinations in the long term. After all, every form of vocational training and further education as well as any technical and professional qualification with the “CCI-certified” stamp is also a seal of quality that proves the competence of the person sitting the exam in the respective profession. Around 10,000 honorary examiners are currently working for the CCI for Munich and Upper Bavaria. They work on the examination boards. These usually consist of representatives of employers, employees and teachers.

## **Fundamental Tasks of the CCI Examiners**

CCI examiners are responsible for

- evaluating solutions to the tasks, which the candidate has completed in writing,
- conducting examination interviews,
- observing practical examinations, and
- determining whether the candidate has acquired the necessary professional competence.

## **Other Duties of Examiners**

In addition to the written, verbal and/or practical examination, examiners’ duties may also include the following:

- Verifying exam admissions,
- Designing tasks,
- Deciding on examining tasks,
- Participating in meetings of the Examinations Committee for the preparation and coordination of exams,
- Supervising written tests,
- Preparing statements in cases of complaints or appeals.

## Tasks of the CCI Primary Office

The primary office examination coordinators are responsible for the scheduling of examinations and the overall organisation. At the Chamber of Commerce and Industry for Munich and Upper Bavaria, there are between 50 and 60 employees. Among other things, they also take care of the

- admission or registration of participants, all the way through to the issuing of certificates,
- classification of examiners and examinees,
- consideration of the necessary compensation effect for disadvantages experienced by people with disabilities,
- initial advice for instructors/trainees,
- booking of the examination rooms/examiner catering,
- appointment and preparation of exam tasks,
- workshop scheduling and coordination,
- coordination with companies/vocational schools for practical examinations (material, assembly/disassembly/cleaning and so on),
- examiners' training,
- preparation of new examination documents and information material (e.g. for new professions)
- implementation of information events,
- adaptation and updating of existing documents,
- processing of inspections and appeals,
- selection and training of new examiners,
- provision of examiner support (e.g. scheduling of invigilating, marking and the verbal/practical examination; contact person for technical questions regarding the examination)
- examiners (the exam coordinator is the main contact person for examiners)

## How to Become an Examiner

Many of the examiners have a highly intrinsic sense of motivation. They want to use their extensive knowledge, do something for their industry and their profession. And they also want to expand their network, exchange ideas with colleagues on specialist topics. In order to become involved in the Examination Committee, an employee from a company must not only be willing to work on a voluntary basis, it is also very important that he or she is always up to date with the latest developments in his or her industry, is very well prepared for the respective examinations and works cooperatively and constructively with the CCI. Furthermore, some other fundamental requirements must also be met:

- Appropriate professional competence (training in the examination profession or in a comparable qualification),
- Several years of professional experience, professional activity in the field of the exam to be taken,
- Methodological and vocational-pedagogical skills (e.g. the completion of an examination according to the Ordinance on Trainer Aptitude [AEVO]),
- Accuracy, reliability, a sense of responsibility, discretion, loyalty and adherence to scheduled dates
- Personal aptitude to hold examinations for (young) people (Sect. 29 Vocational Training Act).

Anyone interested in volunteering as an examiner should apply to their respective chamber of commerce and industry with the relevant documents. The chamber of commerce and industry reviews the documents and checks whether examiners are needed in this sector/role. After an introductory discussion, the prospective examiner will receive all the essential information and training required for his or her work. He or she first takes part in an examination as an observer, in order to familiarise themselves with the procedures. Once they have become familiar with the basics and procedures, they are officially appointed as a CCI examiner. For this purpose, the respective examination coordinator notifies them of the possible examination dates and plans their assignments with them. Each CCI examiner decides how much time they can and will invest in this honorary position. This depends on how often he or she can take the time for it and, if necessary, how often he or she is released from work by his or her employer. Most examiners work four or five days a year.

### **Being an Examiner: It's a Give and Take**

The solidarity principle of the economy also applies in the area of training in particular: this means that the more trainees a company has, the more voluntary examiners it should provide. Unfortunately, this is not always successful. There is often a lack of examiners, especially in professions that are in great demand. This means that the existing ones have to show more commitment so that sometimes delays in the examination process can occur. Suitable examiners are therefore constantly sought after. They receive an expense allowance from their chamber of commerce and industry for their voluntary work, but no remuneration.

### **But Even Beyond This, It Is Worth Getting Involved, Because Voluntary CCI Examiners**

- ensure the availability of skilled workers trained according to industry needs,
- enjoy a high social standing through their commitment,
- establish valuable contacts and networks,

- gain experience, especially in connection with young people and skilled workers who are willing to undergo further training, which they can use both as trainers and in personnel management,
- enable economic, business- and company-related examinations and
- strengthen in no small way the self-governance of the regional economy.

### **Practical Insight: Erni Salzinger-Nuener Explains What Makes a Good Examiner**

Respect! For almost 25 years now, Erni Salzinger-Nuener has been committed to Munich and Upper Bavaria as an examiner of the CCI. Twice a year, she accompanies the Florist Assistant trainees from morning to night for four days through their intermediate and final examinations, testing their theoretical and practical knowledge both verbally and in writing. And that's not all: As a member of a nationwide Commission, she compiles the uniform questions for these exams throughout Germany; in a Committee of the Munich Chamber of Commerce and Industry, she also works on compiling tasks for the practical part of the exam for the chamber district. She is also a member of the Examination Commission for master florists at the CCI in Nuremberg. Other examiners do not necessarily fulfil the last three tasks. She is not paid for this work—it is her voluntary and honorary contribution to the dual vocational training programme, which she does in addition to her work as an entrepreneur.

However, Erni Salzinger-Nuener, who is herself a master florist, runs a flower shop in Perach, Upper Bavaria. She has won many prizes for her work and chairs the Bavarian chapter of the florists' association—the "Fachverband Deutscher Floristen (FDF)"—and she is very happy to invest her time and energy in these tasks. "In the truest sense of the word, it is an honour for me to be able to help young people on their way into one of the most beautiful professions—especially as I am also securing the future of my industry with this", she says. She also gets a lot in return: "The joy the apprentices show after having passed their exam or through their good, creative ideas, which they come up with during the practical part of the exam—this is a source of real inspiration for me. After all, with their ideas, the candidates also provide a breath of fresh air in our industry". What always impresses her most: "When young people start their training, they are often still very shy, clumsy and insecure. And then the spark ignites, they realise that they are passionate about their profession and make a huge leap forward both professionally and personally: after three years of training, they are grown-ups and self-confident. It's wonderful to see that transformation."

In spite of all the enthusiasm, Salzinger-Nuener still considers it very helpful that all potential examiners receive an introduction to the examiner system from the Chamber of Commerce and Industry for Munich and Upper Bavaria and can initially gain some experience as guest examiners by being present at exams without having to take part in the exams themselves: "In this way, I too was able to learn in

practice what it means to examine, and what it takes to do so”. For florists, this is botany, design and colour theory and plant protection. In addition, it is about merchandise management, social studies and creativity. “The latter is very important for our profession: In a complex examination task, the candidates must therefore also design room, table, wedding or mourning decorations”.

And then there is the human factor that it takes to be a good examiner: “Joy working with people, goodwill and generosity, empathy and tact are also important—perhaps even the most important aspect” says Salzinger-Nuener. It also means looking to see if the examinee feels comfortable, for example, if they have something to drink. “Some trainees have worked well for three years, then they run at full speed in the exams, but are also excited and get tangled up. If I support them as an examiner in a sympathetic and encouraging way, if I show them respect for what they have achieved so far, that they have come this far, then I will be able to lift them out of such lows—and they will pass the exam adequately”. Salzinger-Nuener emphasises that it is always a question of attitude. “I treat the examinee with respect and talk to them at eye level—after all, they are no longer the learner, but almost a colleague.

And because the promotion of young people is so close to her heart, the entrepreneur and examiner will now export the idea of dual vocational training for her field to South Korea via the German florists’ association (FDF). She has been training florists there for a long time and now there will also be a dual vocational training course.

#### **Box: Facts and Figures on CCI Examinations Nationwide**

- Since 1991, the chambers of commerce and industry have conducted a good 18 million examinations.
- Each year, the CCIs conduct over 600,000 examinations in the field of education and training.
- The CCIs coordinate more than 30,000 examination committees in education and training.
- More than 170,000 examiners work voluntarily for the CCIs.
- The CCI organisation coordinates the development of approximately 60,000 examination tasks for around 230 training professions and over 80 qualifications in higher vocational training every year.
- CCI examinations are held simultaneously using examination tasks that are uniform throughout Germany.

Source: DCCI

## **Case Study 6: Further Development of Training Occupations—Keeping up with the Times and the Needs of the Economy**

In the 1950s and 1960s, a secretary's duties consisted mainly of taking shorthand notes of letters dictated by the boss, then typing them on the typewriter, putting through telephone calls, making appointments for her boss and making coffee. In the meantime, the range of tasks of a secretary has expanded and changed considerably. Confident use of common office computer programmes and sound business knowledge, for example, is a must in this job these days—apart from organisational talent and knowledge of business processes. Professions change over time—because technology continues to develop, but also because the needs of companies change. Thus, training courses must also be regularly adapted to the requirements and needs so that employees are also sufficiently qualified in the future.

It is true that there has never been a direct training occupation of secretary in western Germany. Nevertheless, this occupational field is a good example to trace the development of dual vocational training. For these corresponding activities, candidates mostly completed a commercial apprenticeship or the two-year apprenticeship as an office assistant, which was replaced in 1991 by the three-year recognised apprenticeship as an office clerk. At the same time, the training occupations of office communications clerk and, especially for the public sector, office communications specialist—all popular training variants for coping with the tasks of a secretariat—were subsequently created. In 2014, these three professions were finally merged into one: the office management clerk. It was argued at the time that the three professions had converged in terms of content over time. In addition, a joint office profession would offer more opportunities in different sectors. It is easier to switch from administration to business and vice versa. Today, office management clerk is always among the top three most popular training occupations in Germany. In 2017, for example, 4,059 new training contracts were concluded in this training occupation in the scope of responsibility maintained by the Bavarian Chambers of Commerce and Industry. Only the occupation of retail sales clerk was even more popular.

### **Reorganisation of Occupations**

The example shows: Training occupations are either reorganised or modified. However, they can also be newly created. This also explains why the number of state-recognised training occupations in Germany sometimes fluctuates considerably. In 2009, there were 349 training occupations, but by 2018 there will be only 326. These stakeholders are involved in the planning and preparation of new occupations or occupations that are to be modernised:

- associations (as representatives of the companies in a particular sector) and the chambers
- the trade unions (representing employees),
- the federal states and
- the federal government as well as
- the Federal Institute for Vocational Education and Training (BIBB).

The occupations are modified or newly developed under the direction of BIBB in collaboration with experts from day-to-day company practice who are appointed by the umbrella organisations of employers and trade unions respectively—including the umbrella organisation of the Association of German Chambers of Commerce and Industry—as well as experts from the federal and state governments. The prerequisite for the creation of a new training occupation is in each case a demonstrable need for qualification in the economy. This means that knowledge is required in the occupational field that has not yet been imparted or has not been imparted sufficiently in the existing training occupations.

The impetus for new training regulations is often provided by industry associations such as the trade association. They formulate the requirements in an application and forward it to the relevant bodies—usually the Federal Ministry of Economics (BMWi). After hearing all parties involved, the Federal Ministry then decides in consultation with the federal states whether a particular occupational profile is to be modernised or newly created. The Federal Institute for Vocational Education and Training (BIBB) often issues an expert opinion on the matter beforehand or conducts a research project—particularly in the case of major reform projects. In connection with this point, the vote by practitioners plays a particularly important role in the Ministry’s decision.

### **Role of the CCI Vocational Training Committees: Specialist Practitioner Training**

On a regional level, the above-mentioned Vocational Training Committee of a Chamber of Commerce and Industry can also issue many so-called “Fachpraktikerausbildungen” or “Specialist practitioner trainings,” which enable people with disabilities to complete vocational training, even without the official process outlined above. If, due to the nature and severity of a disability, training in a recognised apprenticeship occupation is not possible, such specialist practitioner trainings may be considered. This includes, for example, tasks in the kitchen, in sales, in the office, in printing works or in vehicle maintenance. The Vocational Training Committee must be informed and consulted on all important matters of vocational education and training. In particular, the committee must work towards the steady development of the quality of vocational education and training within the scope of its tasks (see also: Vocational training—ensuring the quality of vocational education and training).

## **Complex Process with Many Stakeholders**

If it is decided that training occupations are to be modified or newly created, this is always done in a multi-stage procedure that takes several years. First of all, the parameters for the new training regulations are determined. These include, for example, the occupational title, the duration of the training and the structure of the training. In the next step, the stakeholders involved developing the draft training regulations. Finally, the draft training regulations are passed on to the federal government as a recommendation. If the Federal Government approves the draft, the Ordinance is issued. As a rule, it comes into force on August 1 of each year. If a new occupation is created or modernised, it is the task of the chambers of commerce and industry to communicate this to the companies concerned at an early stage, to advise them and to encourage them to offer corresponding training places.

### **Example: E-commerce Commercial Clerk-First 4.0 Training Occupation**

Since 1945, new training occupations have been created or existing training occupations have been modernised on an ongoing basis. For example, in response to the increasing electronic control of mechanical processes and the impetus provided by the chambers of commerce and industry, the new occupational profile of the automotive mechatronics engineer was created. This combines the occupations of automotive mechanic and electronics engineer. In September 2003, the first automotive mechatronics engineers began their training. As early as 2013, the training regulations for this occupation were adapted to existing technical developments.

A recently created occupational profile is that of a commercial clerk in e-commerce. The first “training occupation 4.0” was created on August 1, 2018. It takes into account the growth and trends in Internet trade and new media. Here, too, the impetus came from the business community, or more precisely from trade associations, a few years ago. E-commerce clerks work in companies that sell goods or services online—not only in wholesale and foreign trade, retail trade or the tourism industry but also with manufacturers and service providers. Although the retail clerk also deals with content from the field of e-commerce, the new cross-industry training occupation goes into greater depth in terms of content and, in the steadily growing online business, opens up the opportunity to systematically introduce trainees to the new requirements that go hand in hand with digitisation and changing customer behaviour. Since project-related work is a key feature of e-commerce, trainees are familiarised with project-oriented working methods from the very beginning. They also learn to deal with the changes in the distribution channels and structures of e-commerce on a constant basis. Their knowledge and



experience are particularly in demand at the external and internal interfaces—for example, when it comes to advertising, logistics, IT, legal and controlling aspects. In addition to selecting and using online sales channels and helping to design and manage the range of goods and services on offer, their tasks also include initiating and processing contracts in online sales and providing support in procurement. Other important tasks include customer communication, the development and implementation of online marketing as well as commercial management and control. In order to enable e-commerce business people to pursue further career paths in future, a further training scheme is to be developed in the near future.

**Box: Federal Institute for Vocational Education and Training—Researching and Updating the World of Work**

The Federal Institute for Vocational Education and Training (BIBB) was founded in 1970 on the basis of the Vocational Training Act (BBiG). Its current legal basis is the Vocational Training Reform Act (BerBiRefG) dating from 23 March 2005 which describes the Institute’s tasks in detail. According to this Act, BIBB’s task is to “contribute to vocational education and training research through academic research”. The research programme is coordinated with the Federal Ministry of Education and Research. The results of BIBB’s work are primarily aimed at

- stakeholders in the vocational education and training field, such as the key organisations of employers and trade unions, trade associations, chambers and ministries at federal and state level,
- teaching staff involved in vocational apprenticeship and further training, trainees and participants in further training, plant and company management, works and staff councils, vocational school teachers,
- the scientific community, for example universities and other institutions of vocational training research.

Other statutory tasks of the BIBB—upon the instruction of the relevant Federal Ministry—include collaborating in the preparation of training regulations and other statutory ordinances under the Vocational Training Act and the Crafts Code, tasks under the Distance Learning Protection Act (Fernunterrichtsschutzgesetz), and collaborating in the preparation of the Report on Vocational Education and Training and Vocational Training Statistics. The BIBB also has the task of funding pilot projects and inter-company vocational training facilities, and of conducting European education programmes and other activities.

Employers, employees, the federal government and the states are equally represented on the BIBB Board—known as the “Parliament of Vocational Education and Training”—including the umbrella organisation of the Association of German Chambers of Commerce and Industry. The Board advises the federal government on fundamental issues of vocational education and

training. As an institution directly funded by the federal government, the BIBB is financed from federal budget funds and is subject to the legal supervision of the Federal Ministry of Education and Research. The Federal Institute for Vocational Education and Training has maintained its headquarters in Bonn since September 1999.

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### **Case Study 7: Intra-company Ongoing Vocational Education and Training—Making Lifelong Learning Possible**

Anyone undertaking a dual vocational training programme or has already completed it is far from reaching the end of their career ladder. Nowadays, Germany offers a wide range of opportunities for those interested in gaining further qualifications. They can take advantage of general further training opportunities, such as language courses or courses on topics such as media skills, teamwork and leadership or similar, to acquire new key skills that are particularly important for their profession and working environment. Or they can gain initial work experience and then specifically enhance their occupation-specific qualifications within the framework of the tiered further training system in accordance with the Vocational Training Act, culminating in CCI final examinations, i.e. they take a higher vocational training course. Here it should be remembered that the legislator has assigned sovereign tasks to the CCIs not only in training but also in terms of further vocational training as per the Vocational Training Act. The stages of further vocational training can be completed via a commercial or an industrial-technical branch. The system is not closed, but also offers numerous opportunities for career changers. In addition, interested parties can now also study by either taking up a dual course of study parallel to an apprenticeship or after completion of such a course—sometimes even if they have not previously graduated from high school. The possibilities in detail:

#### **General Further Vocational Training**

Anyone who is professionally qualified and decides to take part in further vocational training is offered a broad spectrum: The offers in business management, HR management, law, languages, sales, marketing, purchasing, logistics or soft skills are as diverse as technical or IT training. The seminars and workshops often last only a few days. However, some courses, such as the “Crowdfunding Manager

CCI”, also run over a longer period—in this case, eight days—and culminate in a CCI certificate, which is a clear proof of quality.

There are many providers of continuing vocational training, so it is not always easy to find the right organisation. However, roughly 640 training providers are listed along with their courses in the Continuing Education Information System (WIS): [www.wis.ihk.de](http://www.wis.ihk.de). The initiator of this database is the Association of German Chambers of Commerce and Industry Service GmbH, a wholly owned subsidiary of the Association of German Chambers of Commerce and Industry. WIS is accompanied operationally by the Association of German Chambers of Commerce and Industry, Department of Vocational Education and Training and Education Policy, and is supported by the corresponding responsible divisions of the 79 German Chambers of Commerce and Industry. If a company wants to determine its further training needs within the company, it can turn to the responsible CCI for support. The local further training advisers or educational consultants there can provide further assistance.

Even though the CCIs play an important role in general further vocational education and training and their academies offer many courses, general further vocational education and training is not one of the public tasks of the CCIs delegated by the state.

## Higher Vocational Training

The WIS also lists the providers whose courses qualify for higher vocational education and training. These providers are geared to key structural elements of dual vocational training: Intra-company learning and experiential learning play a major role, and theory and practice are closely interlinked. In addition, employability is always at the forefront of further training. On the basis of the qualifications earned in initial vocational training, the system of higher vocational education and training, which like vocational education and training is regulated by the Vocational Training Act, distinguishes between three staggered qualification levels. Each of these levels builds on previously acquired skills and vocational experience. For example, a health care clerk can become a specialist (“Fachwirt”) in this field after gaining further professional experience, before progressing to become a business economist (“Betriebswirt”). The acquisition of competencies is based on the requirement to enable future specialists and managers to perform certain work functions in the future.

This is where the public tasks of the chambers of commerce and industry delegated by the state come into play again: A higher vocational training programme concludes with an examination stipulated under public law and in accordance with the Vocational Training Act. It builds on a completed vocational training programme and qualifies for higher tasks and higher remuneration. The second level—and with it the qualification as a specialist, master craftsman, technician, business administrator or operative professional (IT)—corresponds to the academic level of competence of a Bachelor’s degree. The top-level—qualification in Business

PROFESSIONS AND FIELDS OF STUDY	NUMBER OF PASSED EXAMS	PERCENTAGE
Bachelor professional of business	1,992	17 %
Bachelor professional of metal production and management	1,651	14 %
Bachelor professional of trade and commerce	812	7 %
Bachelor professional of accounting	699	6 %
Master professional of business management	594	5 %
Bachelor professional of management for industry	566	5 %
Bachelor professional of electrical technology and management	521	4 %
Master professional of technical management	511	4 %
Bachelor professional of health and social services	403	3 %
Bachelor professional of technical management	402	3 %
<b>Total</b>	<b>8,151</b>	<b>69 %</b>

Source: Bavarian Chambers of Commerce and Industry, 2019

**Fig. 5.6** At a glance: the most popular advanced training degrees with the most graduates in Bavaria

Administration, Technical Business Administration or Strategic Professional (IT)—is even comparable to an academic Master’s degree. The regional chamber of commerce and industry responsible in each case holds the examinations stipulated under public law of higher vocational education.

There are always admission requirements for the individual levels of higher vocational education and training, which serve to maintain a defined level of qualification. At the same time, however, they are kept so open that even lateral entrants have a chance, i.e. experienced professionals who have acquired their competence in a different way than the classical path.

In view of the fact that there is supposed to be a corresponding form of higher vocational education and training for each dual vocational training occupation, these are updated on an ongoing basis. And so the responsible individuals are already working on developing the contents for the qualification as a specialist in e-commerce for the recently created training occupation of “E-commerce clerk”. (Look at Fig. 5.6.)

## Studies/Dual Studies

Studies are also open to professionally qualified people. Anyone who has the general or—depending on the course of study—the subject-related higher education entrance qualification, and is not afraid of the effort involved and is keen to study early, can complete a dual course of study parallel to the dual vocational training programme. This enables the individual to acquire two vocational qualifications. Even those who do not have A’ Level qualifications, but who have successfully completed a recognised vocational training and further education course, can study under certain conditions. In 2009, Bavaria in particular opened its universities to people with vocational qualifications.

Students who have completed at least two years of vocational training and can demonstrate three years of work experience are eligible for subject-restricted university admission—but only at universities with entrance examinations or

opportunities for trial studies. After a further education examination, it is even possible to obtain a general university entrance qualification. The Chambers of Commerce and Industry in Bavaria have various cooperation agreements with colleges and universities, which make it easier for professionally qualified people to take up studies.

**Box: Promotion of Further Vocational Training**

Those who are undergoing further vocational training may be able to take advantage of financial support from the state, for example.

**Student financial support called “Aufstiegs-Bafög” (as per the Federal Training Assistance Act)**

- The “Aufstiegs-Bafög” is a mix of grants that do not have to be repaid and a low-interest loan from the Kreditanstalt für Wiederaufbau (KfW).
- The subsidy shares vary depending on the subject of the subsidy (costs, of course, maintenance requirements and so on.)
- 40% of the subsidy is available as a grant if the exam is passed successfully. For the remainder of the subsidy amount, the applicant receives an offer from the KfW for a low-interest bank loan.
- In order to be able to finance their course and examination fees, the participant receives a contribution, independent of income and assets, in the amount of the fees actually incurred up to a maximum of EUR 15,000.
- Participants receive a contribution to the costs of the further training independent of their income and, in the case of full-time measures, an additional contribution to their living expenses depending on their income.
- Material costs for a master craftsman’s examination can be subsidised by up to half of the costs involved (maximum EUR 2,000) and with a subsidy share of 40%.

**Master Craftsman Bonus**

- In Bavaria, every successful graduate of a further vocational training programme to become a master craftsman or to pass an equivalent qualification receives the master craftsman bonus from the Bavarian government. This was increased to EUR 1,500 as of 1 January 2018.
- The guidelines for awarding the master craftsman bonus and the master craftsman prize by the Bavarian state government as of 3 July 2013 regulate the details for master craftsman examinations or equivalent further training examinations in industrial and commercial professions under public law, in the public service sector, in the professions of agriculture

and home economics as well as state further training examinations in these fields at technical schools and technical colleges.

- It is not necessary to submit an application; the individuals entitled are determined by the competent authorities.
- The prerequisite is that the examination must have been passed at the relevant authority in the Free State of Bavaria—in this case, a Bavarian Chamber of Commerce and Industry—and that the certificate has been issued by this authority. The main residence or place of employment must be in Bavaria.

#### **Continuing Education Grant from the Federal Ministry of Education and Research (BMBF)**

- The funding amount is up to EUR 7,200 and is spread over three years.
- Up to EUR 2,400 will be paid out each year with a 10% contribution.
- In addition to the course fees, there is also a subsidy for travel, working materials and accommodation.
- Funding is provided for subject-related vocational further training or interdisciplinary qualifications such as language, presentation or IT courses.
- Under certain conditions, part-time studies are also eligible.
- Qualified professionals under 25 years of age are eligible: employees, the unemployed and self-employed people.

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## **The Recognition of Foreign Professional Qualifications— Paving the Way for New Entrants to the German Job Market**

*The self-governance of the economy by the Chambers of Commerce and Industry has proven itself for more than two centuries. The legislator therefore constantly assigns new tasks to the CCIs. Since 2012, they have also been responsible for the recognition of foreign professional qualifications.*

Germany has in effect been a country of immigration for quite some time, even though an official law on the immigration of skilled workers has only been in place since 2019. One point is very important here: many immigrants have already obtained a professional qualification in their home country and would like to have it recognised in Germany. The CCIs help them with this. They check to what extent a foreign qualification or a professional qualification is comparable or at least similar

to one of the approximately 270 officially recognised training occupations and the approximately 85 further training qualifications spanning industry, trade and services (so-called CCI occupations) in Germany. The legal basis for this is the Vocational Qualification Assessment Act (BQFG) which came into force on 1 April 2012 and which regulates precisely when a foreign vocational qualification—regardless of whether it comes from a third country or a member state of the European Union—is equivalent to that in Germany. Only state qualifications can be recognised. For so-called “regulated professions”, recognition or the determination of equivalence is even mandatory. In Germany, regulated professions are, for example, professions in the medical field, legal professions, numerous master craftsman’s diplomas—the Chamber of Commerce and Industry is often affected here—or teachers and a large number of other pedagogical professions.

### **CCI Consultation Before Recognition**

The demand for an appropriate consultation is high. Every day one to four interested people with a foreign background approach the Munich Chamber of Commerce and Industry (CCI).

The CCI registers visitors from well over 100 countries with more than 140 job descriptions. Many of them have completed training in their home country as office clerks, electricians, industrial mechanics, electronic technicians or chefs and have a good chance of finding permanent employment in Germany after receiving CCI recognition. This is the procedure:

- **Preliminary examination:** In a detailed discussion, the CCI employees determine what the person has learned. On the basis of the documents that the immigrants present, they check how the certificates and other documents are to be classified and to what extent the vocational training and further education contents comply with the requirements of CCI professions.
- **Recommendation:** The CCI advisers then make a recommendation as to whether or not the individuals should apply for official recognition. An application only has a chance of success if the applicant’s country of origin has officially granted or recognised the vocational qualification (see above). It is also essential that certificates, references and other documents are submitted, in part as officially certified copies. Not all copies have to be certified.

### **Opportunities—Even Without Proof**

However, even people who can no longer prove their professional qualifications by means of certificates can work out the opportunities available to them. If they can prove that they have obtained a state-recognised vocational qualification in their home country, they can prove the vocational competence they have acquired by

means of so-called qualification analyses. The results of these analyses are then incorporated into the recognition procedure. Many refugees have also benefited from this regulation put in place by the legislator.

## Partial or Full Equivalence

On the basis of the BQFG, the Chambers of Commerce and Industry can, in addition to the foreign professional qualification, also include the professional experience that an immigrant has gained during his or her working life in the recognition procedure. If there are no major differences between the foreign vocational qualification and the German reference occupation, “full equivalence” is awarded directly. If, however, differences are identified, “partial equivalence” is initially granted. Applicants can then gain practical experience on a job or attend further training courses in order to make up for what is missing. This increases the chances of achieving “full equivalence”.

## Official Recognition by CCI FOSA in Nuremberg

The official recognition of the qualification is then carried out by the central recognition office known as the CCI FOSA (Foreign Skills Approval) in Nuremberg for a fee. Their decisions apply nationwide. The immigrant whose qualification has been recognised can then apply for any job in Germany that requires a state-recognised vocational qualification. Given that the local chambers of commerce and industry prepare the documents for each applicant thoroughly, the CCI FOSA staff can decide quickly. Provided that the relevant requirements are met, the applicant will receive the decision from Nuremberg within three months, at the latest. (Look at Fig. 5.7.)



Sources: Migration Report of the Federal Government; WifOR GmbH | Bavarian Chambers of Commerce and Industry, 2019

**Fig. 5.7** The recognition of foreign qualifications also helps combat the shortage of skilled workers: If it were possible to increase the proportion of foreign skilled workers in Bavaria by 20% annually, this would mean 6,400 additional immigrants in gainful employment



## **Commercial Licenses—Receiving Targeted Support with the Registration Process**

*The public tasks of a chamber of commerce and industry as delegated by the state also include the granting of trade licences in certain areas and the entry of licence holders in public online registers. The CCI for Munich and Upper Bavaria provides its member companies with comprehensive information on the procedures, and it processes the permit and registration applications quickly, efficiently and with minimal bureaucracy.*

The granting of trade licences and the registration of the approved companies is also one of the public tasks of the chambers that have been delegated by the state. The CCI for Munich and Upper Bavaria can look back on an impressive success story here. Since 2007, it has been responsible throughout Bavaria—with the exception of the CCI district of Aschaffenburg—as a licensing and registration office for insurance brokers and advisers, since 2013 for financial investment brokers and fee-based financial investment advisers and, since 2016, for real estate loan brokers. Since 2018, it has also been the responsible licensing office for residential property managers. From 2020, it will also take care of the permits for real estate agents, loan brokers, property developers and construction supervisors. The CCI has already issued 30,000 permits to date.

### **Efficient Licensing Procedure: From Application to Issuance**

Implementing and fulfilling public tasks with as little bureaucracy as possible is always the aim of the CCI for Munich and Upper Bavaria. It supports the applicants in the corresponding procedures with comprehensive information on the homepage and other communication channels. In addition, it processes the applications quickly and efficiently.

The CCI is not only responsible for granting permits. It also enters data in the online registers provided for this purpose if this is stipulated by law. Above all, the CCI also monitors the licence holders: if there are any doubts, it checks whether the requirements for the licence still exist. And it investigates complaints made by industry colleagues or former customers. If, after an inspection, it is established that the requirements for the licence are no longer met by a company, the CCI withdraws the licence. However, in accordance with the principle of proportionality, this is the last resort.

## Procedure Using the Example of the Real Estate Loan Broker

Using the example of a real estate loan broker, the procedure can be briefly explained. Anyone who arranges consumer loans or paid financial assistance for the purchase of real estate and advises on this requires a corresponding permit. In addition, these brokers must be registered in a public online register of the chamber of commerce and industry.

In order to obtain the permit and be registered, the agent or consultant must submit the corresponding applications to the CCI. All the forms for the application for permission and registration are on the CCI homepage. As of this year, applications for permit procedures and the corresponding sources of verification can also be submitted using an upload tool. The CCI also provides checklists and information sheets on its website. If all requirements are met and all documents are available, the CCI will decide quickly on the applications.

## Requirements to Be Fulfilled by the Applicant

Real estate loan brokers must meet high standards in order to obtain the licence. The following criteria have to be met:

- **Reliability:** The police clearance certificate and the information from the central trade register (Gewerbezentralregister) serve as proof of this. Anyone who has been convicted of a relevant criminal offence (for example, fraud or theft) in the past five years is considered unreliable.
- **Financial circumstances:** They must be fundamentally sound. This means that no insolvency proceedings should have been opened against the applicant's assets and he or she should not be listed in one of the debtors' registers kept by the courts. The applicant must provide corresponding confirmations from the competent courts.
- **Expert knowledge:** The applicant must also provide evidence of his or her expert knowledge. This applies to each managing partner and to all employees involved. Anyone who successfully completes a corresponding examination of expertise at the chamber of commerce and industry or proves an equivalent professional qualification fulfils this criterion.
- **Professional liability insurance:** Applicants must also prove that they have professional liability insurance for financial losses that may result from the advisory and mediation activities—or indeed an equivalent guarantee. The insurance must come from an insurer that is licensed to sell insurance in Germany. The insurance must also have a certain minimum insurance sum.
- **Headquarters:** A further requirement for authorisation as a real estate loan broker is that the applicant must have its head office or headquarters in Germany. For this reason, it is not possible to obtain a licence for companies with the legal form of a British private company limited by shares (Ltd.).

The legislator often imposes similarly demanding conditions for other permits.

## **The significance of the obligation to provide further training for insurance brokers and residential property managers**

The legislator has now introduced the obligation for regular further training as a criterion for holders of such permits. They and the employees involved in placement, advisory or administration tasks in these areas must now document and, if necessary, prove that they are continuously engaged in further training.

Despite increasing professional duties and higher requirements, the CCI for Munich and Upper Bavaria continues to enjoy a great response for these professions. It has recorded 14,000 licenses for insurance brokers alone, 8,000 for financial investment brokers and 8,000 for real estate loan brokers since the start of these licensing requirements. The CCI regularly receives positive feedback for its advisory services and information.

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## **Points of Single Contact—Overcoming Bureaucratic Hurdles Across Europe**

*With the active support and a wide range of information, the Chamber of Commerce and Industry for Munich and Upper Bavaria acts as a so-called point of single contact (PSC)—as a universal point of contact—for company founders from the European Union and the European Economic Area (EEA). This is also part of its portfolio of public tasks assigned by the state.*

The European Commission in Brussels had a convincing idea at the beginning of 2000 when it launched the so-called point of single contact and, just a few years later, established its tasks within the framework of a directive. The aim was to reduce the bureaucratic hurdles for founders and companies in the service sector throughout the European Union. Any EU service provider wishing to establish a branch in its own country or in the other Member States or to provide services across borders should have only one point of single contact, where it can obtain information on all the necessary formalities as well as assistance with administrative procedures. It is part of the self-image of the Chamber of Commerce and Industry for Munich and Upper Bavaria to support new and young, but also existing companies with a special sense of commitment. This is why it has also taken on this new task, which in Bavaria has been entrusted to the CCIs, among others. Since 2010, the CCI for Munich and Upper Bavaria has been acting as a point of single contact (PSC).

## **EU Services Directive as a basis**

With the Services Directive, which was given the green light by the European Parliament and the Council in 2006, the European Union got the ball rolling. The main purpose of the Directive is to simplify and speed up administrative procedures

for business start-ups and cross-border service providers. The Directive aims to strengthen the internal market, i.e. the free movement of services and the freedom of establishment. The Directive applies to a wide range of services. These include the construction sector, wholesale and retail trade, business-related services such as consultancy work, and numerous regulated professions such as architects and tax consultants. Providers from the tourism and leisure sectors can also use the PSC. By the end of 2009, all EU Member States had to integrate the requirements into national law.

## **Implementation of the Directive in Bavaria**

In the course of its implementation, the Bavarian legislator—like many other federal states—assigned the task of the point of single contact to, among others, the Chambers of Commerce and Industry as well as the Chambers of Trades and Crafts, the Chambers of Law and Taxation as well as the Bavarian Chamber of Architects, the Bavarian Chamber of Engineers for Construction and the Bavarian State Veterinary Association.

Initially, Bavaria limited the PSC service to service providers from the EU and to cross-border issues. This was later amended. Since July 2012, domestic service providers can also contact the PSC. In addition, the Bavarian government set up the “Service Portal Bavaria” (“Dienstleistungsportal Bayern”) as a specific internet portal to support companies.

## **The Point of Single Contact for Entrepreneurs from Abroad (EU and EEA)**

Companies and founders from the following EU countries can benefit from the point of single contact: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom. This also applies to service providers from equivalent states such as Iceland, Liechtenstein and Norway—in this respect for the entire European Economic Area (EEA).

## **The Point of Single Contact for Entrepreneurs from Germany**

However, the point of single contact is not only available for service providers from these countries, but also for purely domestic cases in Germany.

## Scope of the Regulation

The planned business activity must always fall within the scope of the Directive. In principle, it applies to all services that can be “traded” in commercial transactions, e.g. retail, catering, crafts, IT, research and development, business and technical services, consultancy and the construction industry. However, there are also some exceptions. For example, services relating to labour, civil and criminal law issues are not covered by the Directive, nor are highly regulated services such as health, social, transport and financial services.

These and many other aspects can be clarified in advance via the “Service Portal Bavaria” (“Dienstleistungsportal Bayern”), but also by directly contacting the PSC.

## The Service Provided by the Point of Single Contact in Detail

The tasks of the point of single contact are wide-ranging: he or she supports the service providers not only before, during and after the start-up phase, but also in numerous other service-related approvals and procedures.

- **Fundamental information:** First of all, the PSC clarifies which regulations service providers or company founders have to observe in this country and which procedures they have to go through in order to start their planned business activities. This person also checks whether the activity falls within the scope of the Services Directive and whether the founders or entrepreneurs can therefore complete the necessary formalities through that PSC at all. This person also informs companies about the competent authorities, supporting associations and organisations and, if necessary, in the event of a dispute, possible remedial solutions.
- **Procedural mediation:** For service providers or the founders of a company covered by the Directive, the PSC can take over the procedural correspondence between businesses and public authorities if they so wish.

In this function, it forwards the documents to the competent authorities—and back to the companies and founders. It supports them in handling all the necessary formalities within the framework of the respective procedure.

To date, a large number of founders and service providers from Germany and abroad have used the service of the point of single contact.

## **Foreign Trade Documents—Facilitating European Trade in Goods and Merchandise**

*A CCI must also fulfil public tasks assigned by the state in the field of foreign trade: It issues foreign trade documents. The three main contenders are the A.T.A. carnet, certificates of origin and invoice certificates.*

Working in a chamber of commerce and industry can be as dry as working in a public authority. But it can also be as exciting as a backstage visit. For example, this is a story that is often told: the employees of the foreign trade department of the Chamber of Commerce and Industry for Munich and Upper Bavaria were amazed when one day national soccer player and FC Bayern star Thomas Müller walked in the door. Wearing a polo shirt, shorts and flip flops and with a boyishly mischievous smile on his face, the football world champion applied for an A.T.A. carnet for his wife Lisa. As a show jumper, she needed the document to be able to temporarily export one of her horses duty-free to Switzerland. The footballer filled out the necessary forms in tiny letters. Then he took receipt of his carnet and left again.

In the field of foreign trade, issuing carnets is one of the three most important public tasks of chambers of commerce and industry assigned by the state, alongside certificates of origin and invoice certificates. The example demonstrated by Munich shows how it works.

### **Customs Facilitation Through a.T.a. Carnets**

Every year, the Chamber of Commerce and Industry for Munich and Upper Bavaria issues more than 3000 A.T.A. carnets. Entrepreneurs who want to temporarily export goods for a trade fair or expensive professional equipment to a country outside the EU would normally have to deposit the amount the customs authorities would charge if the goods were to remain in the country permanently with the foreign customs authorities. With an A.T.A. carnet, entrepreneurs can save this deposit fee. With the carnet, the chambers of commerce and industry guarantee the foreign customs authorities that the goods will leave the foreign customs territory again. To avoid having to bear the costs in cases where this does not happen, contrary to expectations, the carnets are insured with the credit insurer Euler Hermes. A.T.A. carnets document a civil law guarantee relationship between a chamber of commerce and industry and the holder of the document. In Germany, the actual customs guarantor and issuing institution for the A.T.A. carnet is the Association of German Chambers of Commerce and Industry, the umbrella organisation of the chambers of commerce and industry. For the practical implementation of the A.T.A. procedure, however, the Association of German Chambers of Commerce and Industry has authorised the chambers of commerce and industry to issue the carnets in its name.

## Issue of Certificates of Origin

However, in the field of foreign trade, the chambers also fulfil sovereign tasks in the even narrower sense. According to Sect. 1, Para. III of the Chamber of Commerce and Industry Act, they are responsible for “issuing certificates of origin”. The certificate of origin is a clear proof of the commercial origin of goods, which must be issued by an independent body—the chamber of commerce and industry. The CCI for Munich and Upper Bavaria alone issues around 67,000 of these customs documents every year for companies. In fulfilling this task, it acts more or less as a customs authority.

Companies need certificates of origin in order to export their goods to certain countries. In a total of around 60 countries, including all Arab countries, many successor states of the former USSR and numerous developing countries, nothing is possible in export without a certificate of origin.

Roughly every second certificate of origin is also issued to companies because banks require it. When processing letters of credit, importers and exporters often agree that payment is not triggered until certain contractually agreed documents are available—including a certificate of origin for the goods to be paid for.

## Certification of Invoices

It is not uncommon for a foreign customer to require a confirmation from the authorities in his own country that the invoice from his German supplier is authentic. In this way, the states want to prevent companies from circumventing foreign exchange control regulations and spending foreign currency abroad for the alleged payment of what is actually a fake invoice. In order to combat money laundering, authorities abroad often require an invoice certificate.

German companies can obtain this from their chambers of commerce and industry. In order to be able to issue the certificates, the signatures of authorised signatories of more than 1000 companies are deposited with the Chamber of Commerce and Industry for Munich and Upper Bavaria alone. With their help, the Chamber’s clerks can verify the authenticity of the signature on an invoice, certify this and stamp the document. But while a customs officer in Asia or Africa usually knows Bavarian footballer Thomas Müller, but not the stamp of the Chamber of Commerce for Munich and Upper Bavaria, the certificates of authenticity go to the diplomatic representation of the importing country in Germany for a further processing step. The embassies and consulates then confirm that the certificate issued by the CCI is authentic. For this purpose, the signatures of the responsible employees are again deposited with the representatives in the chambers.

## **Urban Development Planning—Creating and Preserving the Necessary Space for the Future**

*A chamber of commerce and industry represents the overall interests of the regional economy in public urban land use planning—above all to avoid planning errors and locational disadvantages for companies from the outset. In the increasingly scarce spaces in conurbations and in view of dwindling options for generally acceptable developments, the CCI assumes a special responsibility in this case.*

Urban land use planning is the most important planning instrument for the urban development of communities. First and foremost, urban land-use planning includes the legal regulations on land use and the development of individual sub-areas of municipalities. The two planning stages—the land use plan and the development plan—play an essential role in this process. The CCI is also involved in this process.

### **Statements on Land Use and Development Plans by the CCI**

Based on the public tasks assigned to them by the state, the chambers of commerce and industry also remain responsible for public affairs within their business area. Whether they are involved by the cities and municipalities in procedures for land use and development plans depends on the specific planning. If they are involved, they represent the overall interests of the regional economy vis-à-vis the cities and municipalities respectively. To this end, they issue well-founded statements and thus help to avoid planning errors and locational disadvantages for companies from the outset. Public concerns here also include the perspective-related development of residential and commercial space—and an appropriate, balanced relationship between the two. Whereby not only pure “land consumption” or land use is at issue, but also the resulting infrastructure needs—from transport routes to schools and kindergartens to municipal supply facilities. Every year, the Chamber of Commerce and Industry for Munich and Upper Bavaria issues around 1,400 statements on 231 land use plans and 839 development plans.

**In these steps, urban land-use planning is usually carried out in Germany:**

- Decision to draw up a development plan/land use plan
- Publication in the Official Gazette
- Early participation of the public, authorities and public interest groups
- Definition of the scope of the environmental report
- Approval and interpretation decision
- Participation of authorities and public interest groups
- Publication of interpretation and formal public participation
- Review of the proposals after the participation of all stakeholders and preparation of the balanced assessment



- Decision by the city/municipality (in exceptional cases, review by the higher administrative authority)
- Notification in accordance with local practice/in the Official Gazette/entry into force of the development plan/land use plan.

## **Taking Account of Business Needs in the Statements of Opinion**

The combination of specialist knowledge, practical experience and a precise understanding of the company's needs plays a key role in the opinions of the chamber of commerce and industry on urban land use planning. Thus, the statements also incorporate the latest findings from the member companies, which are obtained via technical and regional committees and the general assembly. The spectrum of factors that are taken into account in the CCI's input on urban land use planning thus extends far beyond purely constructional aspects—from the growing shortage of skilled workers, digitalisation or changes in people's mobility behaviour to the question of how to persuade future generations to stay at a location or in a specific region. For this reason, CCI experts always take indirect effects into account in their statements of opinion, for example the upgrading of a location through environmental protection measures, the impact on the quality of living through increased traffic volumes or the availability of (and access to) educational and leisure facilities. Regularly, it is also important to identify potential conflicts and to prevent them in the long term. For example, where an industrial estate is designated today, it will not be possible to create a residential area in the immediate vicinity tomorrow, without further ado. Setting the course early on within the framework of the preparatory (urban) land use planning helps to avoid problems later on which could block important development.

## **Involving an Increasingly Critical Population**

The fact that statements on urban land-use planning are becoming increasingly complex and have to take more and more aspects into account is also due to various regional and social developments:

- **Reduced leeway:** In a densely populated region such as Munich and Upper Bavaria, it is becoming increasingly difficult to find sufficient planning leeway for future developments. In many cases, theoretical options are already blocked by the current situation.
- **Greater effort:** The growing complexity of legal regulations, political plans and neighbourhood interests leads to higher and higher effort for well-founded urban land use planning. As a result, the responsible authorities are reaching the limits of efficient planning management in terms of available personnel.

- **New stakeholders:** At the level of prosperity currently achieved by society, certain growth fatigue is developing. There is a tendency to perceive the interests or needs of the economy as impairing the individual quality of life. In Bavaria, too, the “Not-in-my-Backyard” syndrome is spreading. The willingness to cut back on one’s own comfort zone for the benefit of the general public is thus dwindling. At the same time, those affected perceive—and claim—their right to have a say in matters differently. Social resistance to so-called “land consumption” is increasing.

In addition to their statements on urban land use planning, the employees of the CCI are therefore increasingly in demand as mediators when different interests collide.

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### **Case Study: Planning Region 10—Moderating Conflicts of Interest**

How a conflict in the present, which could negatively influence the future development of an economic area, was moderated by the CCI, is shown by the case of the planning region 10. Even if this did not involve (urban) land use planning, it is an excellent illustration of the fact that the role of the CCI today goes beyond the mere submission of sovereign statements.

- **What was at stake?** In “Planning Region 10”—consisting of the districts of Ingolstadt, Eichstätt, Neuburg-Schrobenhausen and the independent city of Ingolstadt—the extraction of sand and gravel has traditionally been a strong economic sector. The geological conditions make these raw materials, which are important for the construction industry, easily accessible. At the same time, the sand and gravel deposits there are of a special quality and therefore not substitutable. However, many of the previous mining areas are exhausted or nearing their useful life. The industry must therefore develop new mining areas. Resistance to this has been voiced by the responsible local and regional politicians. Among other things, the issue was landscape protection and the avoidance of further environmental pollution caused by mining.
- **What was the risk if the conflict had not been resolved?** The companies saw their existence threatened in the medium and long term if they were not given permission to open new mining areas. However, it was not just a question of the individual industry: if the existing structures and the associated supply of raw materials were damaged, the entire construction industry—and ultimately all downstream industries and their construction projects as well as location development in general, especially in a boom region like Ingolstadt and its surroundings—would ultimately suffer. In addition, a prolonged and ultimately aggressive conflict would have a negative impact on the mood in society against

the economy, with possible negative consequences for cooperation with politics and administration in other sectors as well.

- **Why was the CCI called upon?** It was no longer just a question of the interests of an individual industry, but of the economy as a whole. In view of the far-reaching consequences of the case at hand, the CCI's task was to represent the interests of the economy on the one hand and to advise politicians and administration on various issues on the other. The companies were also involved in the future development of raw material security in Region 10 and the necessary planning.
- **What was the aim pursued by the CCI?** Representatives of the regional gravel and construction companies, the association of stone and earth as well as the regional councils of the surrounding districts and stakeholders from planning and administration were to find a level of discussion that would make it possible to shape the further progress of regional planning in dialogue. Ultimately, all concerns should be weighed up and included in the further planning process, in order to secure company locations.
- **What did the solution look like?** The CCI invited all those involved to a workshop, which also included external experts and representatives of the CCI. In order to be able to talk about questions concerning the future development of raw materials for gravel and sand, a good data foundation was important, as well as information and knowledge about process workflows. The CCI also supported the companies in this respect with the new guideline for securing raw materials.
- **What was the aim of the workshop?** The aim of the workshop was first and foremost to resolve the current conflict. But it was also necessary to overcome the reluctance of companies to provide usage data—which they want to protect for competitive reasons. Building on this, the aim was then to develop resilient and long-term foundations for constructive cooperation that would give companies planning security and provide justifiable approaches for politicians and administrators to develop balanced decisions.
- **Which result was achieved?** Misunderstandings were cleared up and the debate on the topic was rendered more objective. The sensitization of those involved to the concerns and needs of the respective other side created a better understanding and differentiated approaches for a constructive basis for discussion—as well as the willingness for such discussions. From the moderator's point of view, the workshop had shown: "All sides are open to (re)entering into dialogue with each other and to contributing to finding an optimal solution in regional planning in the interests of the region, its citizens, its landscape and its economy. It is undisputed that, due to the expected demographic and economic development in Ingolstadt, the demand for gravel and sand will continue to be high in the future". One of the proposed solutions led to a "positive view" of securing raw materials: areas were identified that were particularly suitable for raw material extraction. There, possible conflicts with opposing uses were then weighed up on a case-by-case basis.

## **Out-of-Court Dispute Resolution—Favouring Business-Friendly Solutions**

*Not every dispute has to end in a state court. The Chamber of Commerce and Industry for Munich and Upper Bavaria offers a wide variety of out-of-court settlement options: These include the Arbitration Board for Competition Disputes and the expert appraisal system, as well as two variants delegated by the legislator.*

Dispute occurs in the best families, as an old German proverb goes. The same applies to disputes within and between the best companies. Disputes can be settled before a state court or out of court. The Chamber of Commerce and Industry for Munich and Upper Bavaria advises its members to always think about out-of-court conflict resolution first. As a rule, this is quicker, more cost-effective, more in line with shared economic interests and gentler on business relations.

The out-of-court dispute resolution offered by the Chambers of Commerce and Industry falls within the scope of the public tasks assigned by the state, which the Chambers of Commerce and Industry have been assigned by the legislator. On the other hand, the CCI for Munich in particular has also built up a broad range of services not delegated as a task by the state. In this book, out-of-court dispute resolution, therefore, appears in two areas of CCI work. This chapter focuses on two variants of out-of-court dispute resolution delegated by the state: the Arbitration Board for Competition Disputes as well as the public appointment and swearing in/allocation of experts. Further offers such as mediation or arbitration can be found in the chapter on the honourable merchant.

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### **Case Study 1: Arbitration Board for Competition Disputes at the CCI—Reaching Out at the Round Table**

A company comes across unreasonable discount action by a competitor. Another company thinks that the competitor has seen misleading and even aggressive advertising on its homepage. Another company receives a letter from a lawyer and is sent a warning for giving incorrect price information. Of course, such questions, which are regulated in competition law in Germany and many other countries, can also be heard before a state court. However, the contracting parties can also try to reach an out-of-court settlement first. For more than 60 years now, the Arbitration Boards for Competition Disputes at the chambers of commerce and industry in Germany have been available to them for this purpose. These are based on Sect. 15 of the Unfair Competition Act (UWG). On these arbitration boards, the parties to the dispute as well as a chairman and two assessors meet to discuss the facts of the case together in a solution-oriented manner and, in the best case, reach an agreement. The CCIs manage the offices of the arbitration boards, including the CCI for Munich and Upper Bavaria. The arbitration boards are formally independent of the CCI. At the CCI Munich, roughly 50 proceedings per year are conducted before the arbitration board.

## Practical work of the Arbitration Boards for Competition Disputes at a Glance

- **Target group:** Companies, interest groups or Chambers of Trade and Crafts that wish to take action against a competition violation or have received a warning notice for such a violation can contact the arbitration boards.
- **Parties involved:** The arbitration board's business is managed by the administrative office. The chairpersons of the arbitration board are lawyers, while entrepreneurs and executives are also involved in the meetings as assessors and contribute their entrepreneurial expertise where needed. The assessors work on an honorary basis and therefore receive no remuneration. At present, a total of four lawyers are available in Munich as chairmen and more than 45 entrepreneurs as assessors. Every five years they are appointed or confirmed in office. What remains decisive for their appointment is a previously expressed interest, expertise in competition law and the good reputation of the individuals involved. The CCI actively approaches people it considers suitable and invites them to become a chairman or assessor.
- **Motivation of the chairmen and the assessors:** The chairmen and assessors are convinced that businesses are better served by first resolving their conflicts among themselves and not in court. They are prepared to invest their time in this. Pacified adversaries and the feeling that they have committed themselves to a good cause is what drives them.
- **Activation of the arbitration office:** Given that the arbitration board only acts upon application, one of the parties to the dispute must submit a written application to the administrative office. This then initiates and begins the proceedings.
- **Preparation of the proceedings:** The office invites the parties to a joint meeting, which is chaired by the chairman together with two assessors.
- **Conduct of the proceedings:** The parties sit together at a round table and thus also meet symbolically on an equal footing when discussing the facts. Chairmen and assessors are experienced in recognising, resolving and balancing dead-locked positions. The chairman analyses the legal side, while the assessors look at the matter from a commercial and economic perspective.
- **Solution/settlement:** If the chairman and assessors are convinced that a competition violation has occurred, they propose a settlement to the parties involved. This is equivalent to a court decision. If no agreement is reached, the chairman and assessors determine that the proceedings have failed. The applicant can then pursue his claim before a state court.
- **Costs:** The proceedings at the arbitration board are free of charge. If a competition violation has actually been committed, the person being warned must pay the costs incurred by the applicant. Anyone who fails to appear at the hearing without excuse is liable to an administrative fine of up to EUR 1,000.
- **Advantages:** The proceedings at the arbitration board usually enable a speedy, amicable, out-of-court solution. In most cases, one hearing date is sufficient.

Many proceedings are completed within an hour. The procedure is also inexpensive and always non-public.

Currently, the legal situation in Germany is such that companies that have been warned or have issued warnings can also go directly to court instead of having to call the arbitration board. The Chamber of Commerce and Industry for Munich and Upper Bavaria has long suggested that the arbitration boards for competition disputes at the chambers of commerce and industry should be prescribed by the legislator as the first body for arbitration proceedings.

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## Case Study 2: Expertise—Using the Competence of Experts

A new company headquarters has a number of defects in its construction, a freshly delivered machine experiences breakdowns, the residual value of a car involved in an accident is unclear. These are typical cases for experts. They examine the object in dispute and prepare independent expert opinions.

In Germany, the expert's profession is regulated in Sect. 36 of the Trade Regulation Act (*Gewerbeordnung*) and is primarily transferred by the legislator to the Chambers of Commerce and Industry, the Chambers of Crafts, and in some cases to other professional chambers. These may publicly appoint and swear in experts and, if necessary, nominate them. Whoever wants to be publicly appointed as an expert must undergo a dual aptitude test—both professional and personal—and only then will he be sworn in. Through this strict examination and subsequent swearing in, the legislator guarantees the special integrity and quality of the experts.

### Appointment of the Experts at a Glance

- **Personal aptitude:** In the first round of the examination, the personal aptitude of the candidate is assessed. Does he or she have a good reputation, is he or she a person of integrity, is he or she considered reliable, of strong character, level-headed, objective, impartial, independent?
- **Professional aptitude:** The second round of the examination focuses on the professional competence of the future expert. The candidate should have well above-average knowledge, skills and practical experience in his or her field. Exercising a corresponding profession alone is not sufficient proof of special expertise; continuous further training and professional experience must also be documented. In order to prove his or her professional competence, the candidate must also submit samples of work in the form of expert opinions he or she has prepared himself or herself, take a written examination and undergo an expert discussion with a specialist committee (see below).
- **Assessment of aptitude:** The Expert Committee that assesses a candidate's professional aptitude usually consists of a university lecturer and two experts

who are publicly appointed in the same subject area. The Committee is put together by the CCI. The examination itself also takes place at the CCI. The personal aptitude is determined, among other things, by the full-time employees of the CCI by conducting suitable investigations and obtaining evidence, in particular through official information channels and the hearing of trustworthy personalities.

- **Swearing-in:** If the assessment is successful, the expert is sworn in at the CCI, he or she receives a certificate of appointment, they may bear an expert stamp and the designation “publicly appointed and sworn expert”.
- **Duties:** An expert always fulfils his or her duties impartially, independently, free of instruction and conscientiously, and is subject to the duty of confidentiality. He or she may demand an appropriate remuneration for his or her expert opinions. They must also regularly attend further training courses and exchange information with other experts.
- **Supervision of the experts by the CCI:** The CCI supervises the experts in professional and personal matters. The full-time employees of the CCI invite the experts to exchange experiences with other experts and ensure regular further training. Every five years, two expert reports are requested and reviewed by the CCI. If there are complaints, the CCI has to investigate them. It can order the expert to attend further training courses or withdraw his or her approval as an expert.
- **Nationwide list of experts:** If the expert has been sworn in by the CCI, he or she is included in a nationwide pool of experts in which about 7500 experts are listed ([www.svv.CCI.de](http://www.svv.CCI.de)).
- **Expert opinions as dispute resolution proceedings:** If there is a dispute and the parties turn to the CCI, the CCI advises which solution could be the best for the case in question. If an expert opinion proves to be the recommended way, the CCI appoints suitable experts and assists in the calculation of costs. The parties can also agree that they will accept the result of the expert opinion as binding for themselves.
- **Advantages:** The fact that this public task assigned by the state is rooted in the CCIs offers many advantages to a self-governing economy. Fast and competent solutions can be found for all parties involved. If the parties to the dispute accept the expert’s report or have agreed that the result should be binding for them, the dispute no longer ends up in court.

In Germany, a generational change is currently taking place among experts. Young experts are sought above all within the technical disciplines.

## Honorary Judges—Regulating the Interests of Business in Court with the Help of Voluntary Support

*There are various ways in which CCI members can volunteer in the public sector assigned by the state. The examiners in training or the assessors in the Arbitration Board for Competition Disputes have already been mentioned. Commercial and financial judges are a third option.*

Practical experience from the business world, in addition to legal expertise, is an important instrument for reaching a fair decision in a legal dispute between companies. This is why the courts in Germany can draw on voluntary support from the business community. This is possible by law. This is shown by the example of those honorary commercial and financial judges.

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### Case Study 1: Volunteer Commercial Judges—Solving Commercial Disputes More Effectively

In Germany, the fact that justice and business tackle disputes together is implemented, among other things, by the special chambers dedicated to commercial matters, which are assigned to the regional courts. In addition to full-time judges, these chambers also have honorary commercial judges. In accordance with Sect. 108 of the Judicature Act (GVG), the chambers of commerce and industry have to suggest these honorary judges: that is, the chamber of commerce and industry contacts particularly suitable members and proposes them. If they are willing to take on the job, they are appointed by the regional courts for a period of five years. The office of a commercial judge is an honorary position that is not remunerated.

The chambers of commerce deal with legal complaints among businesses. Causes can be disagreements resulting from commercial transactions, disputes under company law or industrial property rights. A dispute is only heard and decided before a chamber of commerce if expressly requested by the plaintiff or the defendant. At a glance:

- **Judges:** The chambers dedicated to commercial matters sit in session with one full-time judge who is a fully qualified lawyer (presiding judge) and two honorary commercial judges who come from the commercial community. These do not need to be lawyers.
- **Distribution of voting rights:** All three judges have the same voting rights in the decision. The honorary judges are independent in the decision-making process and are obliged to be absolutely neutral.
- **Conditions of appointment:** Anyone can be appointed as an honorary judge if he or she
  - has German citizenship,
  - has reached the age of thirty,



- is or was registered in the Commercial Register or the Register of Cooperatives as a businessman, member of the Management Board or Managing Director of a legal entity or as an authorised signatory,
- does not need to be registered as a member of the Board of Directors of a legal entity under public law due to a special legal regulation for this legal entity,
- resides in the district of the chamber of commerce and industry in question, operates a commercial establishment in that district or belongs to an enterprise with its seat or branch in that district

Due to the high reputation of the chambers of commerce and of their honorary judges, the possibility of referring to them for disputes with an economic background is often used. The special commercial expertise of the honorary judges often replaces the involvement of an expert. This leads to quick and well-founded decisions which the opposing parties are willing to accept.

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## **Case Study 2: Honorary Financial Judges—Ensuring a Factual Financial and Tax Jurisdiction**

The fact that lay judges are also included in the jurisdictional process in addition to full-time judges is a principle that also exists in fiscal jurisdiction. The regulations for this are to be found in Sect. 16 et seq. Financial Court Regulations (FGO). The fiscal courts are responsible for disputes in the area of income tax, corporation tax, trade tax, value-added tax or the German Fiscal Code. Special issues such as customs duties, excise duties and monopoly matters are also on their agenda.

### **Practitioners from the Business World**

The senates at the Finance Court are each generally composed of three full-time judges and two honorary judges with equal participation in the verbal proceedings. Honorary financial judges do not have to have comprehensive tax expertise. Rather, as practitioners from the business world, they are expected to participate in the decision-making process in financial disputes and to support the expertise of the full-time judges. The final legal review and tax analysis of the facts are then carried out by full-time judges. Honorary financial judges thus contribute to the maintenance of a factual, objective and continuous financial and tax judicial system that serves the overall interest of the economy.

### **Proposals by the CCI**

For a term of five years, the chamber of commerce and industry proposes suitable personalities for election as honorary financial judges at the Finance Court. The CCI

has no influence on the election procedure itself. The following requirements for honorary office are mandatory: German citizenship, having reached 25 years of age and having a residence or commercial or professional establishment within the judicial district.

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Stefan Bottler, Monika Hofmann, Gabriele Lüke, Gerd Mischler,  
and Ulrich Pfaffenberger

One of the tasks that the legislator has assigned to the chambers of commerce and industry is that of business promotion. This is to be understood as a first professional help for companies. Important: A chamber of commerce and industry may only ever provide information or initial advice—nothing more. However, discussions with CCI specialists can—and should—serve as a basis for further advice from specialised providers such as management advisory services, tax and law firms. The services provided by the CCI cover the entire life cycle of the company and thus many different areas: from the founding of the company to securing skilled workers and company succession. The chapter begins with an interview explaining the idea of business promotion. A portrait then introduces the Information and Service Centre of the Chamber of Commerce and Industry in Munich, the first point of contact for all questions concerning the entire range of services offered by the

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S. Bottler

Redaktionsbüro für betriebswirtschaftliche Themen, Oberschleißheim, Germany  
e-mail: [BottlerOSH@t-online.de](mailto:BottlerOSH@t-online.de)

M. Hofmann

Das Redaktionsbüro—Journalismus für den Mittelstand, Munich, Germany  
e-mail: [mail@das-redaktionsbuero.info](mailto:mail@das-redaktionsbuero.info)

G. Lüke (✉)

Konturprogramm—Unternehmenskommunikation, Munich, Germany  
e-mail: [g.lueke@konturprogramm.de](mailto:g.lueke@konturprogramm.de)

G. Mischler

Mischler & Partner, Landsberg am Lech, Germany  
e-mail: [gmischler@mischlerundpartner.de](mailto:gmischler@mischlerundpartner.de)

U. Pfaffenberger

Journalist, Pfaffing, Germany  
e-mail: [upf@ulrich-pfaffenberger.com](mailto:upf@ulrich-pfaffenberger.com)

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Chamber. Then the chapter takes a look at selected service areas. Finally, it describes the regional offices and the work of the CCI Academy.

The theme of this book, practical wisdom, is particularly evident in this chapter. The services respond to the needs of the companies and are created in close cooperation with the company representatives, but they also take up best-practice examples from the companies and pass them on to the companies that are looking for solutions.

- Interview with Dr. Manfred Gößl: Promoting business—providing first aid to companies
- Information and Service Centre—ensuring the best customer experience
- Start-up consulting—strengthening the region with new companies
- Entrepreneurial consulting—helping members succeed
- Legal and tax issues—acting as an initial source of key information for businesses
- Location consulting—offering a full-service package for commercial space
- Advice on internationalisation—accompanying you abroad with individual support
- Succession consulting—teaching the art of letting go
- Securing skilled employees—arming member companies against the threat of skilled labour shortages
- Energy, environmental and raw materials consulting—side by side with companies for a sustainable future
- Delivering on regionalisation—creating competent local offices
- CCI Academy Munich—promoting business and the economy through education.

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### **Promoting Business—Providing First Aid to Companies**

*Another legal mandate and a decisive pillar of the CCI's work is business promotion. In this field, the CCIs provide their members with first aid for all company-related issues in a variety of ways and on an individual basis. An interview with: Dr. Manfred Gößl, Managing Director of the CCI for Munich and Upper Bavaria.*

**Dr. Manfred Göbl, Photo Credit: CCI for Munich and Upper Bavaria/Goran Gajanin\_Das Kraftbild**



**According to Paragraph 1 of the CCI Act, the CCIs must also act to promote the economy. What exactly does the legislator mean by this?**

The legislator gives the CCIs the mandate to inform, advise and support regional companies. In short: The CCIs provide “first aid for self-help” by providing a wealth of practical information, advice and events. Our customers are our member companies and those who might become members.

**This includes future members, too?**

Yes. Of course, we also support people who are considering becoming self-employed, either as a full-time or part-time job. This means they are not yet our members, and they will become members only after they have founded their own business.

**What does initial assistance actually look like?**

We sound out the most important current and fundamental “must know” topics for companies, summarise them as briefly and comprehensibly as possible and publish them on our homepage, which is accessed many times a day. Furthermore, we offer numerous events for all business cycles—from company foundation to company succession. They serve to provide information as well as to exchange experiences and network. Finally, we provide information and advice that serves the concrete, individual interests of our customers. With our information and advice, we want to enable, advance, support and encourage those seeking advice, to keep them efficient, innovative and, generally, future-proof. The information and initial advice that members receive from us are always neutral, free of charge and without any commercial interest. The CCI is therefore not a consulting company, but in a dual sense, the first point of contact for regional companies.

**The fact that the CCIs are obliged to promote business at all and that the support services are also unpriced, is this also a legitimization for compulsory membership and even more so the membership fee?**

Yes, we can only provide free advice because the principle of solidarity applies through statutory membership. Through the income from membership fees, from which incidentally over 40 percent of our less profitable members are completely exempt, we can offer the free information and advice service for all those seeking advice while also ensuring neutrality. In this respect, the advice is, in fact, one of several services in return for legally binding membership, a form of added value resulting from compulsory membership.

**There are many consultancies, which are also CCI members**

...that is exactly why our advice is only a form of initial assistance, a kind of the first-round consultation, because otherwise, we would be competing with those members who run commercial consulting companies. Since our consulting services are free of charge due to the fees, it would lead to a distortion of competition if we went beyond an initial consultation. In addition, in more complex cases, we recommend that additional consulting expertise be sought as part of our initial consultation. We do not make a specific recommendation for a particular advisory or financial partner, as we are not a sales platform and treat all our members equally. We always name several candidates, so that the company seeking advice has the choice.

**Either way, the legislator has done well to also commission the CCIs with promoting business?**

Yes, a well-thought-out decision! The CCIs are very close to the business community, know the problems and challenges of the companies very well indeed and can therefore also tailor the information and consulting services to the needs of our members. This is also a great advantage in terms of the self-organisation and personal responsibility of the business community, which the CCIs stand for. By drawing on the self-financed expertise of the Chamber of Commerce and Industry, the business community, first of all, helps itself in a spirit of solidarity.

**What topics does the CCI cover in its initial consultations?**

Our spectrum is very broad. I have already mentioned advising business start-ups. Other areas include vocational training, securing skilled labour, law and taxes, financing, digitalisation, international, innovation, energy, environment, corporate social responsibility, succession and much more. I would also like to mention the numerous services that we implement on behalf of the state as a Chamber of Commerce and Industry because there is always overlap with business support. Anyone requiring a service, such as an examination or a specific permit or certificate, sometimes needs prior consultation. In a word: the combination of business support and tasks that the state has delegated to the CCIs for execution makes the CCI a one-stop shop for the economy.

**How do you know exactly what kind of consulting services companies need?  
How are the services developed?**

Here, it is important to act both proactively and reactively. On the one hand, we have to see what topics will occupy the members in the future. This is often the case when new laws are announced—such as the regulations on the introduction of the Euro at the time or, more recently, the new EU general data protection regulation. At the latest when such new regulations are published, it is foreseeable that our members will turn to us with their questions and need answers. This is anticipated by our experts, who follow the political and legal discussions and are always up to date. But even when there is no current reason to do so, they prepare—often in consultation with the members with whom they have contact—advisory services on topics they consider relevant for the future.

**In what formats do you provide advice?**

We have many different formats. Our first (and probably most important) contact point for members seeking help is the Information and Service Centre, or “ISZ” in German for short, which we set up in 2001. Seventeen employees at the ISZ already answer half of all enquiries per year in full—no less than 130,000. They do this by telephone, by e-mail, via social media and also in face-to-face contact. The ISZ forwards the other 50 percent of the enquiries to the specialised departments. There the experts also help by telephone, answer by e-mail or meet with those seeking help.

**From personal to digital—the whole range.**

Exactly! I already mentioned our online presence before. People seeking advice and help can already find a great deal of information digitally: leaflets, guidelines, references, best practice, films and now also webinars. Furthermore, our members inform and network at our events. Finally, we provide information and advice on site at the member companies; our experts complete around 3,500 such company visits per year.

**Are the events also free of charge?**

If we use an event to place new topics in the business community, win over multipliers for a topic, or if the discussion focuses on politics, for example, it is free of charge. Otherwise, we charge an appropriate contribution.

**How do you ensure the quality of your advice?**

In Munich, we have opted for an entrepreneurial approach. Firstly: Our employees see themselves as professional service providers with a focus on service quality. The fact that around 80 percent of our employees come from the business world is a great help here. In addition, improving the quality of our advisory services is the most important programme of our employee training. Secondly, we operationalise the CCI services through measurable service standards, which in turn is a prerequisite for their control and continuous improvement. Thirdly, we systematically obtain customer feedback on our consulting services. The result in the form of the Net Promoter Score (NPS) is a key performance indicator within the framework of our management objectives.

**What do the employees learn during these training sessions? So how do you define service quality?**

They train how to conduct a consultation session, what is important to the customer, how to recognise the problem at hand, which questions to ask, how to develop solution-oriented answers, and how to create an appreciative consulting atmosphere.

**How much time do the employees need for the consultation?**

Giving someone time for good advice is an expression of customer orientation and the appreciation of our members seeking advice. An initial consultation usually lasts 45–60 min, but for more complex topics, it can sometimes take longer. However, our customers want recommendations for action, i.e. recipes rather than scientific elaborations, and are usually geared to short time frames themselves.

**At the same time, this is also a great challenge for the managers who have to accompany their employees in this process?**

Managers are the key; they must encourage, enable, support and encourage employees to develop professionally and personally so that the service excellence on offer can be further enhanced. At the same time, the managers themselves are also measured by their performance and that of their teams.

**Do you also monitor the quality of the advice you provide?**

Yes. We have our own quality assurance system. On the one hand, we participate in so-called mystery-man campaigns. Service providers commissioned by us call in, pose as entrepreneurs and check how the employees behave professionally and in their personal service orientation during the consultation. At the same time, we obtain direct customer feedback during consultations and events and now ask for digital evaluations of individual services or parts of certain events. In this way, we have gradually developed parameters and a quality measurement system that serve as a basis for continuous improvement.

**The primary office does plenty of leg work during consultations. Does it also get something in return?**

On the one hand, we know exactly where the needs of the member companies are developing or where they are feeling the pinch, so to speak. This helps us progress in terms of content and keeps us fit for the future as a progressive organisation. On the other hand, we can also draw conclusions for our statutory task of representing the overall interests of our member companies. The enquiries give us indications as to which problems occur, how often and in what form, where we have to get started in the political sphere and demand improvements to the framework conditions.

**The theme of this book is “practical wisdom” and how the CCIs make its dissemination possible. In this sense, business promotion is a central pillar?**

For us, the pillar of providing advice is also an exchange platform, information hub, think tank for the members and also for us—the primary office—itself. We help to find solutions for members, but we also benefit from their existing approaches to solutions, which we can pass on to others as examples of best practice.



**This makes the economy as a whole more efficient, more innovative, more sustainable—and also more committed? To what extent, then, does the pillar of business promotion contribute to the voluntary commitment of companies in the CCI and beyond?**

Many members build up a relationship with the employees of the CCI and the CCI as a self-help organisation of the economy through such a service. This creates a bond and, more often than not, the realisation: “If the CCI did not already exist, we would have to invent it as an entrepreneur”. This also leads time and again to involvement in our examination, regional or technical committees or the general assembly as our highest body. In this sense, the chamber of commerce and industry, with its pillar of business promotion, is also a catalyst for commitment to the common good.

**Do you see the services offered by the CCIs as a good argument for promoting a CCI system in our readers’ countries?**

Absolutely. With the CCIs, the economy has an authority working in its interest that strengthens it with its objective information and advice, keeps it up to date with the latest economic developments and thus makes it future-proof. On the basis of compulsory membership, CCIs can also offer these consultations free of charge and always in a neutral way. In this way the economy helps itself, supported by the principle of solidarity: this strong community allows the individual to be helped independently and objectively in a short space of time. I recommend our model of self-organisation of the regional economy from a deep conviction on the matter.

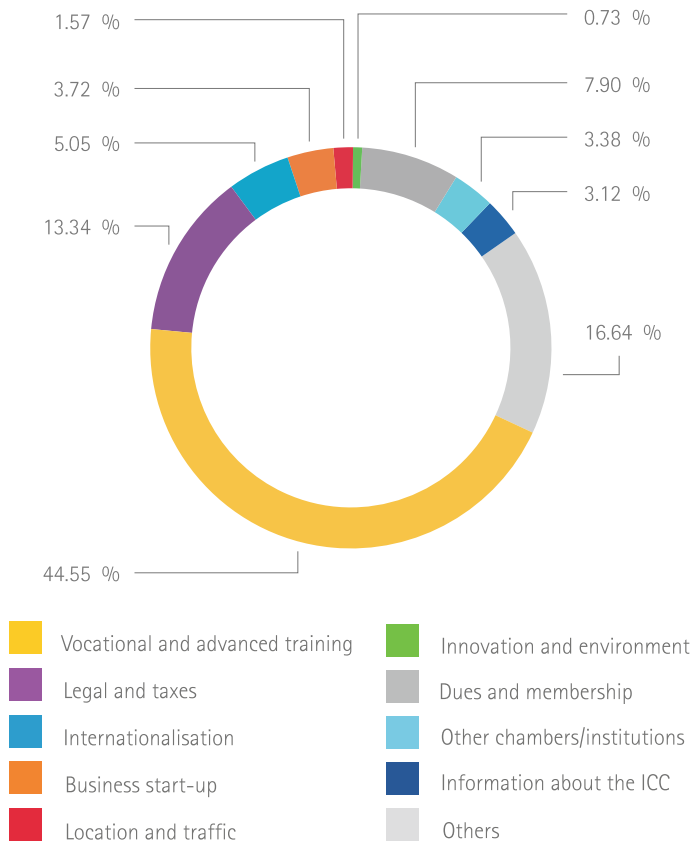
**Dr. Gößl, thank you very much for the interview.**

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## **Information and Service Centre—Ensuring the Best Customer Experience**

*On the issue of business promotion, which the legislator apportioned to the CCIs, it is above all else the competent and efficient provision of information to members on all relevant questions that is key. In the CCI for Munich and Upper Bavaria, the Information and Service Centre or “ISZ” is available as a competent first point of contact. Therefore, all communication channels, whether by telephone, e-mail or a personal visit, are geared towards the ISZ.*

Clever entrepreneurs know how important it is to ask questions—including of their CCI again and again. On the one hand, they need very specific information, but on the other hand, they also ask many recurring or seasonal standard questions: from membership fees to training and events. In Munich, the Information and Service Centre—or ISZ for short—takes care of all these enquiries as the first point of contact, quickly, directly and competently. Around 130,000 enquiries are dealt with every year—an enormous amount. The CCI for Munich and Upper Bavaria established the ISZ in 2001. From Monday to Thursday from 8 a.m. to 6 p.m. and on Friday until 4 p.m., 17 employees respond to all questions that are put to the CCI by telephone, e-mail, social media or even during a personal visit. In more than 50



Source: ICC for Munich and Upper Bavaria, 2017

**Fig. 6.1** Most of the callers to the Information and Service Centre of the ICC for Munich and Upper Bavaria have questions about vocational and advanced training

percent of the cases, ISZ employees are already able to provide the final answers; all other questions are partly pre-clarified or immediately forwarded to the right contact person in the specialist departments. (Look at Fig. 6.1.)

### Gigantic Knowledge Pool

The ISZ sees itself as the business card of the CCI in terms of content. Above all, however, it is a gigantic knowledge pool upstream of the specialist departments, in which information from all CCI departments flows together. The ISZ employees have (and maintain) an overview of the content and can often immediately meet the most diverse information needs of the CCI members. Only when the enquiries

become too specific and detailed do they pass the enquiries on to the specialised departments. This is extremely convenient for the companies, as they usually get their questions answered with just one call. At the same time, the employees of the specialist departments can rely on the competence of the ISZ, while remaining free to fulfil strategic tasks and handle new topics thanks to the ISZ, and only deal with very specific enquiries.

**The following points are what make the ISZ successful:**

- **Good technical equipment:** The technical equipment of the ISZ's work is a modern telephone system that automatically forwards calls to a free member of staff. This ensures a high level of availability on the central telephone number of the CCI. Incidentally, this also applies to the regions, as the central numbers of the four regional branches are routed to the ISZ. Furthermore, the ISZ uses a software application that enables it to automatically write to the customer, compile the desired information via a shopping basket function and record everything statistically. In addition, all general e-mails addressed to the CCI run to the ISZ via a central e-mail pool.
- **Knowledge management:** The basis of ISZ knowledge is an internet-based CCI content management system. Here, all pertinent information created by the CCI departments on relevant topics and the respective contact persons are stored. From this information and in coordination with the specialist departments, the ISZ has also generated its own guidelines, which compress the information into individual topic blocks and summarise it in a target-group-specific manner. Example—vocational training: These guidelines deal in detail with all questions that companies usually ask about the vocational training system in Germany: from registration as a training company to the examination itself. The guidelines are updated continuously. To ensure quality and topicality, there are five knowledge managers who take responsibility for individual topics and ensure that they are kept up to date.
- **Networking:** The ISZ employees are well connected with the specialist departments, requesting information, exchanging views on topics with the experts but also passing on information to the specialist departments when new topics come to the fore thanks to the questions they receive. Then the departments can react, create new content and make them available to the ISZ. At the same time, the ISZ also works on external networking, for example, with other chambers of commerce and industry.
- **Forward-looking topic design:** Like the departments, the ISZ closely follows the economic policy debate. Both units coordinate their activities at an early stage so that they have sufficient information at their disposal when a topic becomes acute.
- **Education and training on the job:** ISZ employees are carefully selected; they must have a commercial education, in addition to further vocational training or studies, foreign language skills and professional experience. Before they are allowed to telephone or e-mail for the first time, they are trained in the topics for 6 weeks, in order to ensure that they give reliable answers.

- **Continuous further education:** The ISZ staff's duty rosters provide for regular individual learning units even after the initial training has been completed. For one and a half hours a week, they receive individual training on relevant topics and update their knowledge. In weekly meetings, ISZ employees share new information with each other that has arisen during the week. In this way, they also deepen their knowledge and keep it up to date.
- **Efficiency:** ISZ employees must answer the phone within 15 s and answer questions within 5 min wherever possible.
- **Service orientation:** ISZ employees are also trained in service and support. They always give binding and courteous information and remain calm and friendly even when the caller is impatient. Awareness raising is one of their special topics. Again and again, members want to know why they have to pay a membership fee. ISZ employees explain what compulsory membership means and what companies get in return. The aim is to turn compulsory members into regular customers and even fans.
- **Optimisation process:** Through mystery-man campaigns, the level of knowledge and the service quality of ISZ employees (but also of the department staff) is thoroughly checked. Specially hired anonymous callers report in and test their quality. The feedback from the Mystery-Man campaigns is evaluated and becomes the basis for a continuous improvement process.
- **Foreign language skills:** ISZ employees speak English, French, Greek, Spanish, Italian, Portuguese, Ukrainian, Russian and Dutch and are therefore able to serve international customers.

## Various Additional Tasks

In addition to its information function, the ISZ is also entrusted with many other tasks. For example, it connects callers who want to reach a specific contact person. As a community manager, it operates the social media channels Facebook, Snapchat, Xing and Twitter, posts and responds to posts. Every new CCI employee receives a two-hour introduction to the work of the CCI by the ISZ. Long-term members of staff at the CCI may also attend these introductions. Also, domestic and foreign visitors get an overview of the CCI from the ISZ. For all new CCI-members, the ISZ organises a welcome event every year and explains the CCI offer to these companies. When CCI departments participate in trade fairs or events with an information stand, they can ask for the help of the ISZ; they always appreciate the competent support of ISZ colleagues. And last but not least, the ISZ is the contact for the authentication of further education certificates, professional certificates, digital signatures, EU certificates, selections of company addresses subject to charges or company information subject to charges.

In the future, the Information and Service Centre also intends to focus on artificial intelligence. Intelligent bots will answer standard questions 7 days a week, around the clock, and further, enhance the service for members. There are roughly

60 Information and Service Centres in the 79 chambers of commerce and industry in Germany, each with a completely different structure. The one in Munich is the most developed.

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## **Start-up Consulting—Strengthening the Region with New Companies**

*Advising and supporting business start-ups is one of the most important tasks of all CCIs, including the CCI Munich. Given that prospective entrepreneurs are pursuing increasingly ambitious projects and good framework conditions are becoming ever more important, the chamber has significantly expanded its start-up service in recent years.*

Every year, around 600,000 people in Germany—almost 90,000 in Bavaria and 40,000 in Upper Bavaria alone—dare start their own business. In doing so, it is almost impossible to circumvent the CCIs. All CCIs offer comprehensive free support in the form of initial consultation to founders of new businesses. No matter whether the future entrepreneur wants to manufacture products industrially, enter the trade or offer services—the CCI accompanies them in their project. More and more founders are currently planning challenging projects in the high-tech segment, which often require complicated approval procedures and a lot of capital. Such founders must therefore prepare themselves more thoroughly for an entrepreneurial existence than those in other areas. They also find good sparring partners in the CCIs.

In Bavaria, around 40,400 people wishing to set up a business made use of the CCI start-up service in 2017. Assuming that each of these people also founded a company, more than 45 percent (40,445) of all commercial founders (89,300) in Bavaria would have had an introductory discussion with the CCI. (Look at Fig. 6.2.)

## **Comprehensive Information—Also in Cooperation with External Partners**

The CCI for Munich and Upper Bavaria is also well positioned in the field of start-up consulting. It has even systematically expanded its range of services in recent years, created special consulting formats and hired additional staff. It can now support young entrepreneurs even better and beyond the actual start-up phase. To this end, it also cooperates with the City of Munich, other key institutions, financial service providers and additional partners who also support start-ups. Together with the City of Munich, for example, it set up the Munich Business Start-Up Office (MEB) back in the 1990s and has successfully managed it for almost two and a half decades.

FEDERAL STATE RANKING OF FOUNDATION ACTIVITIES			
	RANK NEW	↑↓	RANK PREVIOUS
Berlin	1	•	1
Hamburg	2	•	2
Brandenburg	3	↑	8
Bavaria	4	•	4
North Rhine-Westphalia	5	•	5
Lower Saxony	6	↓	3
Baden-Württemberg	7	↑	9
Rhineland-Palatinate	8	↑	11
Saxony	9	↑	10
Hesse	10	↓	6
Schleswig-Holstein	11	↑	12
Saarland	12	↑	14
Bremen	13	↓	7
Mecklenburg-Western Pomerania	14	↓	13
Saxony-Anhalt	15	↑	16
Thuringia	16	↓	15



Source: KfW Entrepreneurship Monitor, 2019

**Fig. 6.2** Bavaria is an interesting location for founding a company

### Commitment to Good Start-Up Conditions

Conversely, the CCI also profits from these new companies. The start-ups and new companies provide additional economic momentum and innovations at the CCI’s location—and naturally, they become new CCI members. This is why the CCI has always been committed to good conditions for start-ups, little bureaucracy and simple tax rules. Another important aspect is the broad acceptance of entrepreneurship among the population. The CCI hopes that in future many more people will see entrepreneurship as an option and opportunity for their own professional career. That is why the CCI advocates and works to ensure that the opportunities and values of free entrepreneurship are already conveyed in school lessons.

### Wide Range of Consulting Services

In practice, the CCI Munich supports prospective entrepreneurs with a comprehensive range of information and initial advice. All activities at a glance:

- **Range of information**

- *Print as well as digital*: The CCI makes a lot of information available in print as well as online: leaflets, various brochures, checklists, business plan templates for download or webinars.
- *Information events*: The weekly presentation of the start-up phases with question and answer sessions is popular among founders.

- **Advisory services (personal and digital)**

- *Munich Business Start-Up Office (MEB)*: This is where business start-ups can arrange a personal initial consultation. For this offer, the CCI cooperates with the Department of Labour and Economy for the City of Munich. In 2017, 1108 consultations took place. (See also case study below.) In addition to classic start-up content, advice on social entrepreneurship is also provided here.
- *Regional start-up consulting in all administrative districts*: The CCI regularly offers consultation hours in its offices in Ingolstadt, Mühldorf am Inn, Rosenheim and Weilheim. In addition, the CCI employees go to regional start-up centres, which now exist in many Upper Bavarian cities. In 2017, 1,301 participants were registered here.
- *Startup-Unit*: Here the CCI provides special advice to innovative and growth-oriented start-ups—especially in the areas of e-commerce, information and communication technologies, cleantech, healthcare and life science. The focus is on start-ups, financing, internationalisation and networking. In 2017, 132 consultations took place.
- *Start-up consultation days in the business incubators*: The CCI is also present with a consulting service at the Munich business incubators Werk 1 Munich and GATE (Garching Technologie—und Gründerzentrum GmbH).
- *LfA financing meetings at the CCI on funding opportunities*: Twelve days a year, the Bayerische Landesförderbank LfA comes to the CCI and advises founders on funding opportunities.
- *Founding Consultation Days of the Institute for Freelance Professions (IfB)*: Twenty-three times a year, the Institute for Freelance Professions (IfB) also visits the CCI and provides special advice on founding opportunities for freelancers.
- *Consultation hour on funding opportunities for innovations*: The CCI also has advice on the promotion of innovation and offers a special funding consultation hour.
- *Crowdfunding consultations*: Crowdfunding can close a gap in financing by having many interested parties co-fund a project. In 2017, 66 founders sought advice on this.
- *Pre-founding and succession coaching*: Founders can be accompanied by coaches for the preparation of business plans or the first business management steps. The CCI experts advised 517 people in 2017.
- *Advice on the BAFA support programme “Promotion of entrepreneurial know-how”*: This support programme is implemented by the Federal Office

of Economics and Export Control (BAFA). In 2017, founders sought advice on this programme 104 times at the CCI.

- **Consultation days on company succession.** Starting up a business can also mean taking over a company. Ten intensive consultations were held on this subject in 2017.

- **Events:**

- **EXISTENZ, the leading trade fair for start-ups:** The comprehensive approach of the Munich Chamber of Commerce and Industry to consulting for start-ups is particularly visible at the CCI EXISTENZ trade fair, which it organises every year in November. The fair attracts around 1,500 founders and young entrepreneurs. At the Existenz founders and entrepreneurs can find out everything they need to know about setting up a business and the first few years of running it, in one place and free of charge. Around 50 exhibitors are present—from various institutions, organisations and associations, to development banks and credit institutions and social insurance carriers. There are also around 100 workshops, lectures and seminars. Munich's CCI EXISTENZ is the largest business start-up fair in all of Bavaria.

- **Regional EXISTENZ start-up fairs:** These are smaller spin-offs of the same name in individual regions. There are a total of four regional business start-up fairs per year.

- **Start-up activities and forms of cooperation:**

- **Munich Urban Colab:** In view of the fact that innovative start-ups and established medium-sized companies can complement each other very well, but rarely come together, the CCI also provides advice on this. In the new Munich Innovation Centre, there is a CCI Lab for the development of concrete cooperation projects between start-ups and medium-sized companies.

- **Munich Startup Portal:** This Internet portal provides start-ups with a wide range of information on competitions for start-ups or interesting CCI event offers. The portal also portrays new start-ups or cooperation projects. In addition, start-ups can enter their names on a digital map so that they can be found more easily.

- **Networking events:** With this offer, the CCI wants to bring start-ups together with medium-sized companies, which then act as business angels, for example. A new investor evening is also part of this offer. Four start-ups pitch to 50 entrepreneurs at this event (see also the following article in this Chap. 5).

- **Cooperation events:** The CCI also supports numerous formats that promote and network start-ups. These include the annual Bits&Pretzels start-up festival, which brings together 5,000 founders, investors and start-up enthusiasts over three days.

- **Internationalisation support:** Even if start-ups want to expand abroad, the CCI is the right place for them: country analyses, assistance with sourcing translation providers, participation in trade fairs, on-site support via AHKs in the respective country—all this is part of the service.



## Cross-Departmental Internal Consulting Structures

For all these consulting fields, the Munich CCI start-up consultants draw on their own professional know-how but also on the expertise of other CCI colleagues in the company and quickly establish contact with them. For example, the CCI tax and legal experts help with the choice of legal form or with contracts with potential business partners. The CCI location consultants provide information on the extent to which the industrial estates and sites short-listed by the founder are suitable for the future company. And the colleagues in the foreign trade department are happy to point out international sales markets for the envisaged products and services and explain the customs and tax laws that apply there.

### Box: Five Fields of Advice for a Successful Business Start-Up

The Munich Chamber of Commerce and Industry (CCI Munich) advises founders in all phases of the start-up. It distinguishes between these five steps. It has a lot of specific information on all of them.

- **Step 1—the founder and his environment:** The CCI recommends that founders first carry out a founder check. This is because every foundation and every start-up has individualist own environment. Before the final foundation, a founder should therefore always check himself, his personal requirements and qualifications, his personal environment or even the team of founders. From this, it can then be deduced which type of company foundation is best suited—for example, a foundation in part-time or full-time employment, in a team or alone, with equity capital or a start-up subsidy.
- **Step 2—Business idea and business model development:** Behind every successful company is a good business idea. At best, the business idea is innovative and has a unique selling proposition (USP). A successful start-up can also be based on a business idea that builds on existing business models. Existing business models can be further developed or transferred to other markets.
- **Step 3—Planning the foundation:** The conditions are right, the business idea seems promising, and now the foundations should be completed. In the next step, it is therefore important to write a business plan. In the business plan, founders describe their business model in detail and deal intensively with their strategic and economic goals.
- **Step 4—Implementation:** The business idea has matured; the business plan has been prepared as a planning tool and financing basis, now the company can start. Now, founders need assistance and information on the most important formalities, contracts, legal and tax aspects, financing, marketing and sales, websites or even the hiring of employees.

- **Step 5—Growth:** The company's start has now been mastered. Now it should grow. The focus of this step is on growth financing, innovation promotion, internationalisation or crisis management.

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### **Case Study 1: Munich Business Start-Up Office (MEB)— Passing on Proven Advice**

More than a dozen employees of the Munich Chamber of Commerce and Industry (CCI) advise founders—among others, they do so in the Munich Business Start-up Office (MEB), which the CCI and the City of Munich jointly founded in 1995. It is located on the premises of the CCI. Both the CCI and the City of Munich provide consultants for the MEB. With the MEB, the CCI and the City of Munich offer founders the first point of contact. Every year, more than 10,000 founders and companies from Munich and the surrounding area seek advice from the MEB. The MEB provides competent contacts for all fundamental questions that are important for the development and expansion of their future life's work. But even founders who are still unsure about their business idea are supported by the MEB. For example, they receive tips on public funding for personal consultations by consultants and coaches. For further detailed questions, for example, about special technologies and financing, the MEB will refer them to other CCI experts.

The MEB experts offer multi-channel consulting. The future entrepreneur can obtain advice and support in a personal conversation, on the phone or via video conferencing. In addition, he can obtain information at regular MEB events on fundamental questions that every founder has to face. Recurring topics are the personality and background of the business founder as well as business plan, marketing and financing concepts.

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### **Case study 2: Crowdfunding—Using the Power of the Swarm**

Beautiful ideas, but hardly any capital to realise them? Numerous smaller companies and founders know this problem only too well. They also rarely have enough leeway to launch financing campaigns for their innovations. This is where crowdfunding comes in. Funding is provided by a crowd of Internet users who are called upon to participate financially via personal homepages, professional websites and special platforms. Crowdfunding can close a gap in financing. Nevertheless, it is important to use other instruments in financing and thus to put them on a stable

footing. Crowdfunding combines financing, marketing, customer loyalty and is also a market test. After all, the big advantage is that the community of investors decides whether to support a project—and the chances of success for the project naturally play a major role in this. Currently, more and more founders, as well as existing companies, are turning to the crowd. Since 2014, the experts from the Chamber of Commerce and Industry for Munich and Upper Bavaria have been providing more advice and information on this topic.

- **Individual advice:** Personal advice is particularly important with this form of financing. Because it helps to avoid stumbling blocks and to design the campaigns in such a way that they win over investors. The CCI provides advice on crowdfunding free of charge.
- **Support from the City of Munich:** The City of Munich is also the first German municipality to offer the opportunity to receive support in the form of the creative services of crowdfunding campaigns. Since March 2018, founders, start-ups or young companies can apply for a 50 percent subsidy for such services that they purchase from companies in Munich. The CCI experts act as a contact point here, who also offer in-depth information and tools for crowdfunding on their homepage.

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### **Case Study 3: Munich as a Start-Up Location—Increasingly Attractive for Founders**

How must a location, indeed an “ecosystem” be like, so that high-tech start-ups can successfully develop and grow? This is the key question of the Global Startup Ecosystem Report (GSER) of the US research institute Startup Genome. The report is based on data from more than 10,000 founders from more than 40 locations around the world. In the Report 2018, Munich was one of the German regions examined for the first time alongside Berlin and Frankfurt am Main. The consortium that coordinated the study on site in Munich included the Chamber of Commerce and Industry for Munich and Upper Bavaria, the City of Munich, Munich Startup, Invest in Bavaria and the Entrepreneurship Centers of the Ludwig-Maximilians-Universität (LMU), the Technische Universität München (TUM) and the Munich University of Applied Sciences: LMU Entrepreneurship Center, UnternehmerTUM, Strasczeg Center for Entrepreneurship.

Although the report did not carry out a ranking, each individual ecosystem received a very individual description. The state capital proved to be a promising ecosystem for high-tech start-ups. The study attributes a value of around 4.5 billion US dollars to Munich start-ups. In three of the 12 sectors examined, the financial, healthcare and automotive sectors, the city is one of the top locations for start-ups worldwide. It also praises the strong business environment consisting of DAX companies, innovative multinational IT and consulting groups and 45 venture capital firms. One additional trump card is the broad university and research

landscape with the Technical University of Munich, the Ludwig Maximilians University or the Munich University of Applied Sciences and its so-called entrepreneurship centres. A quality of life that is among the highest in the world rounds off Munich's profile.

To the industry results in detail:

- **Fintech sector:** Around 11 percent of local venture capital in Munich was invested in the Fintech sector between 2012 and 2017. The study also emphasises the strength of Munich's insurance industry and its start-up support programmes.
- **Healthcare:** Around 350 healthcare companies generate more than 5 billion euros in sales per year in Munich, thus providing a good environment for start-ups. Key institutions include the LMU, which is ranked fifth worldwide in the discipline of medical technology but also the TUM and the Fraunhofer-Gesellschaft.
- **Automotive:** It almost goes without saying that Munich is also one of the top locations in the automotive sector. Ten percent of all local VC investments flowed into this sector. In addition, the BMW Startup Garage and the corporate VC fund BMW i Ventures are considered important initiatives for cooperation between established industry and start-ups. According to the report, the mobility sector is also driving forward start-up activities in the advanced manufacturing and robotics segment.

Both the Munich Chamber of Commerce and Industry and the other partners were very satisfied with the results—they can score points at home and around the world and motivate start-ups to settle in Munich and Upper Bavaria.

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## Entrepreneurial Consulting—Helping Members Succeed

*With comprehensive information and targeted advice, the CCI for Munich and Upper Bavaria provides its member companies with comprehensive support, even after the company has been founded. It provides initial advice for all post-formation phases and along the entire value chain.*

How do I set up my company in such a stable way that it is well equipped for the ups and downs that characterise my industry? How do I create room for growth and innovation? How do I recognise potential crises in time and counteract them? How do I succeed in internationalisation? How can I successfully secure my company's succession? Offering helpful answers to such questions is part of the self-image of every CCI—including the CCI for Munich and Upper Bavaria. The CCI Munich offers its members help to help themselves by supporting them in every phase of their business and by providing information and advice on issues relevant to the business along the entire value chain: whether it is founding, growth, internationalisation, innovation, consolidation, crisis or succession. It may only ever provide

initial advice. Discussions with the CCI specialists can also serve as a basis for further advice from specialised providers. Business management consulting takes place both at the CCI headquarters in Munich and at the respective offices in the region.

## Diverse Consulting Formats

The support essentially ranges from information e-mails, telephone calls and conversations, leaflets, brochures, guidelines, internet services, webinars, participation in trade fairs, seminars, information and networking events, and consultation days up to targeted individual advice. In particular, the tried and tested business management consulting and, since autumn 2017, crisis consulting are among the services that are meeting with a rapidly growing response (see case study on crisis management). If a problem arises that raises further technical questions, such as the legal form or the establishment of contacts in foreign markets, the CCI specialists pass it on to the appropriate in-house experts.

Many impulses for topics come from the member companies themselves. For this reason, the CCI for Munich and Upper Bavaria has not only continuously expanded and developed its services in recent years but has also set new focal points. This is shown by the example of financing consulting. Here, the CCI is also increasingly providing advice on alternative financing instruments. Upper Bavarian companies—especially those which are small and medium-sized—have so far preferred internal financing, for example, via equity reserves and long-term bank loans, to finance their projects or investments. However, a balanced financing mix provides more stability, advises the Chamber of Commerce and Industry: Those who use additional instruments such as subsidies, corporate bonds, equity capital or even factoring and leasing strengthen their independence from the banks. This should prove to be a promising strategy, also in view of the increasing German and European regulation of banks.

## Consulting Services at a Glance

Today, CCI business consultants provide information and advice predominantly in these fields:

- **Business management consulting:** No matter whether start-up, growth, internationalisation, innovation, succession or crisis—in every phase companies can benefit from the business management consulting of the CCI experts. It is the classic option among the CCI consulting formats: A status quo analysis carried out by the CCI experts can first clarify where your company stands. On this basis, it is then easier to discuss the strengths and weaknesses, the next steps and plans with the CCI consultants and make the right strategic decisions. For the status quo analysis, the companies transmit certain data from their bookkeeping

or cost accounting to the CCI experts. They prepare the figures in such a way that the companies can use these figures not only for consulting purposes but above all for discussions with investors and banks. The business management consultants always support the companies along the entire value chain, i.e. from supplier management to procurement, production and sales and distribution to customer management. During the free initial consultation, the companies select those topics for which they need support. If desired, the CCI consultants come to the company for the initial consultation—no matter where the company is located. More and more members are taking advantage of this offer, which the CCI also offers in all regional branches.

- **Corporate financing:** How do I successfully conduct bank talks? What role does the rating play? What should I bear in mind with regard to credit clauses? How do I use down payment guarantees via insurance companies? What alternatives are there to the house bank? What should I consider if I want to give my employees a share in the company? What support programmes are there in Bavaria? How do I make sensible use of venture capital? The CCI for Munich and Upper Bavaria offers detailed information on all these questions on its homepage, especially in the form of leaflets, brochures and tools. Two examples: Recently, the guide “Leading credit negotiations successfully” was published as a PDF download, which contains numerous checklists and helpful information. Since 2018, members have also been able to use another new tool: a specially developed financial analysis that provides a rough picture of the company’s financial situation.
- **Coaching:** Anyone seeking expert advice and targeted support on individual topics, for example, when drawing up business plans, in growth or crisis phases, can seek external coaching from an expert. Various institutions provide funding for this. The CCI experts are the contact point for these programmes.
- **Innovation promotion:** The federal government and the states support innovative companies in developing their innovations to pilot maturity and bringing them to market. Small and medium-sized companies in particular benefit from the wide range of loans and grants. The CCI experts help to select the right support programme.
- **Internationalisation financing—especially the “Go International” programme:** The CCIs also offer information and advice on support programmes that help companies to do business abroad. For example, the “Go International” programme, which the Bavarian Chambers of Commerce and Industry and Chambers of Trades and Crafts have set up together with the Bavarian Ministry of Economic Affairs, is aimed in particular at small and medium-sized enterprises in Bavaria. There are also numerous EU support programmes.
- **Company succession:** With comprehensive information and targeted advice, the CCI for Munich and Upper Bavaria helps its member companies to successfully master the generational change. (See also separate article on succession consulting in this chapter).

- **Crisis consulting:** Even those who slip into a crisis have been offered support by the experts of the CCI for Munich and Upper Bavaria since autumn 2017. (See also case study below).
- **E-mobility support programmes:** Not only at federal and state levels but also at local level, politicians support e-mobility with funding activities. Here, CCI experts help to find the appropriate programmes.

## **New Networking Event: The Investor Evening**

The Chamber of Commerce and Industry for Munich and Upper Bavaria devotes particular attention to the founders with a specific offer (see also previous article in this chapter). An entirely fresh format, which brings together founders and established companies, and in this sense also fulfils the expectations of the members for networking events, is the Investors' Evening, which started in 2018. It also responds to the growing interest of companies in cross-sector investments. This annual evening event is offered by the Munich Chamber of Commerce and Industry together with BayStartup, the agency for start-up, financing and growth in Bavaria, which is jointly sponsored by the Bavarian Ministry of Economic Affairs and the business community. The idea: four digital or high-tech start-ups pitch to 50 entrepreneurs who see themselves as business angels. The aim is for the companies to invest a sum of EUR 50,000 or more in the start-ups and give them access to new customers, markets or suppliers. Conversely, the start-ups support the companies in digitalisation and innovation. BayStartUp selects the start-ups, the CCI the Business Angels. Each pitch lasts 10 min plus five minutes for questions. The response to the format is very good. Thus, a doubling of the pitches to eight is in planning.

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## **Case Study 4: Crisis Consulting—Turning the Tide**

Those who grow too fast or internationalise too quickly often lose track of how their company is actually developing. But even steadily growing companies sometimes get bogged down. Monitoring the operational figures therefore protects against risks. Because companies that work with key figures exactly know their strengths and weaknesses. In addition, they usually recognise the potential for crisis early enough to take action. For those who nevertheless slide into a crisis, the experts in the area of business analysis, financing and law at the Chamber of Commerce and Industry for Munich and Upper Bavaria have been offering intensive and comprehensive support since autumn 2017.

- **The aim of crisis consulting:** As an objective third party, the CCI experts obtain a realistic picture of the current situation during the initial consultation and clarify which business management and legal issues cannot be put off. It is

precisely this view from the outside that often helps to find solutions and ways out.

- **Comprehensive information:** The CCI experts offer this on their website, for example, on crisis phases and ways out. Companies can also find publications and information sheets, for example, on the most important key figures or on liquidity optimisation.
- **Special analysis tool “Crisis traffic light”:** With the crisis traffic light, a newly developed CCI analysis tool, companies can use their accounting data to identify crisis potential in advance. This database provides a good basis for internal controlling, for further discussions with CCI consultants and the subsequent talks with management consultants.
- **Extensive consulting sessions:** In personal talks, CCI consultants analyse the deeper reasons for prevailing crises. With ideas for targeted crisis management, they then initiate the first steps towards a solution and often act in a trend-setting manner for the companies.

On the one hand, the CCI wants to sensitise the companies with their support to such an extent that they can prepare for crisis situations, recognise them early—and thus react in time. Because crises can be avoided again and again if companies take countermeasures in advance. Warning systems in particular are therefore elementary. It also makes sense to have strategies and plans assessed by an objective body such as the Chamber of Commerce and Industry. On the other hand, the CCI wants to show the companies that are already in crisis ways out of it. It feels obliged to its member companies to do so. Often, the prevailing opinion is that companies can restructure themselves due to redundancies, which usually saves costs as a first step, but rarely applies as a holistic restructuring measure. Therefore, the CCI experts warn against rash decisions. After all, employees are the driving force behind every company.

The response to the new crisis consulting service is great and continues to grow. In this way, the CCI helps companies not only to master crises but also to make provisions for future challenges and changes.

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## **Legal and Tax Issues—Acting as an Initial Source of Key Information for Businesses**

*The CCI for Munich and Upper Bavaria supports its members in legal and tax matters with helpful information services.*

Especially small and medium-sized companies that do not have their own legal and tax departments know only too well: laws and tax rules are often very complex. And even the larger medium-sized companies often complain about rampant bureaucracy, increasing confusion and barely comprehensible official language. On the one hand, the number of regulations is growing. On the other hand, politicians, ministries and administrations rarely formulate laws, regulations and



company-relevant texts in a way that non-experts can understand them. It is a good thing that there are translators: The experts from the Legal and Tax Department of the Chamber of Commerce and Industry for Munich and Upper Bavaria see themselves not only as such translators but especially as the first point of contact for member companies, providing important basic information on legal and tax issues.

## Information Services on All Channels

In order to provide companies with up-to-date and timely information, the CCI legal and tax experts use all communication channels. Their services range from providing support and basic information to members on all questions in this area via telephone calls, e-mails, conversations, leaflets, information events and virtual workshops, for example, on the topics of tax audits or digital tax. In addition, the experts are constantly developing the information and service offerings, they listen to the members, react to needs or anticipate them. They see themselves as contacts for entrepreneurs on fundamental legal and tax issues, initiate and moderate events, and give lectures.

## Broad-Spectrum of Legal Issues

The CCI is broadly versed in the legal field. It provides support especially in these areas of law:

- **Labour law:** What rights and obligations do employers and employees have? The CCI offers information on notice periods, part-time work or maternity protection, and provides information on new regulations such as the Pay Transparency Act, the Care Time Act or the women's quota. At the same time, it also addresses questions about mini-jobs or bogus self-employment.
- **Data protection law:** When does a company need a data protection officer? What effects does the new EU general data protection regulation have on companies? Which regulations must be observed? Here too, the CCI provides comprehensive information.
- **Choice of legal form:** Do I establish a limited liability company (GmbH) or remain a sole trader? Is a cooperative the right thing or rather a small public corporation (AG)? The choice of the right legal form is of great importance for a company. The CCI provides assistance in decision-making.
- **Competition law:** Even in free competition, not everything is allowed that could give a company an advantage. What does the law against unfair competition and the law against restrictions of competition prescribe? The CCI provides information on the legal limits and possibilities of advertising and sales regulations.
- **Trade law:** In Germany, there are many trade law regulations that not just the founders of a new business need to be well informed about. The CCI advises on

regulations for estate agents, auctioneers, the travel industry or markets. Also on the list: Shop closing times, cosmetics law or the textile labelling law.

- **Contract law:** How do I develop General Terms and Conditions (GTC)? What do I need to consider when buying? Are there sample contracts, including for GTCs? The CCI shows all facets of contract law.
- **Internet law:** How do I design my website to be legally secure? What role does the legal notice (Impressum) play on the homepage? What do I have to consider when dealing with liability issues on the Internet? Here too, the CCI knows what to do.
- **Insolvency law:** What are the duties of managers in case of insolvency or over-indebtedness? What to do with customers and suppliers in the event of insolvency? How does insolvency law help with restructuring? The CCI is well versed in this area and even got the ball rolling for restructuring-oriented insolvency law.
- **Foreigners' and asylum law:** Who is allowed to work in Germany and under what conditions if they come from a so-called third country, i.e. if they do not have German or EU citizenship? What are the residence regulations? And how does the asylum law interact with the law on foreigners?

## Useful Tax Information

When it comes to taxes, the CCI's services today focus on the following areas:

- **Financial administration:** How long do companies have to keep their documents and records? What do the principles of electronic accounting (Grundsätze zur elektronischen Buchhaltung—GoBD) govern? Which aspects should companies consider during tax audits? This is where the CCI experts provide initial orientation.
- **VAT:** From VAT identification numbers and VAT conversion rates to the new EU proposals for certified taxable persons (CTP)—the CCI also offers competent answers in this area.
- **Income and wage tax:** What must entrepreneurs and their employees take into account when taxing company cars? What rules apply to non-cash benefits to business associates and employees? What should an income tax certificate look like? These and similar questions are dealt with intensively by CCI experts.
- **Founders and successors:** Anyone who finds or takes over a new business has to deal with numerous tax issues, such as the net income accounting approach or the cash book. The CCI offers valuable tips on all tax issues affecting business start-ups.
- **Trade tax:** Cities and municipalities are allowed to levy trade tax on every business enterprise. The CCI summarises the details in an information sheet and on the homepage.

- **Inheritance and gift tax:** The federal and state governments agreed on a compromise in 2016. Interested parties can also obtain useful information about the new rules and how they may affect succession.
- **Digital taxation:** From electronic balance sheets and digital tax audits to VAT in online commerce and the EU Commission’s proposals on digital taxation—a great deal has been happening here in recent years. The CCI keeps its members continuously informed about the current status.
- **Tax and financial policy:** The CCI also deals with tax and financial policy that directly affects companies and develops position papers on this, for example, on modern taxation. (see also legislative work Chap. 7)

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### **Location Consulting—Offering a Full-Service Package for Commercial Space**

*The CCI for Munich and Upper Bavaria is an indispensable contact partner for companies with questions about their company headquarters—whether it is the founding of a new business, the relocation or expansion of existing companies or the securing of the existing location.*

It all depends on the location. Anyone who wants to run a flourishing business has to take many factors into account when choosing a company’s headquarters. Which local authorities and industrial sites are actually suitable? Are there sufficient local workers available at the sites that are short-listed? How close is the motorway access or the nearest airport? How high is the trade tax rate? What is the current status of the building development plan? How many competitors have already established businesses? Where are suppliers or companies located with whom synergies can be used in the vicinity? Founders can also contact their chambers of commerce and industry with all these questions. And even established entrepreneurs, who want to expand or modernise their existing location or are planning further branches or are considering a complete relocation have come to the right place with the CCI. They have a lot of location information at their fingertips and assist in the search for, selection or securing of a location.

### **Subject Areas from Building Law to Fire Protection**

At the same time, however, the need for advice increasingly goes beyond these classic questions. After all, space is a significant location factor for a region. In order to continue to secure prosperity and the existing locational advantages, a qualitative and quantitative supply of land and its responsible and efficient use are indispensable for the economy. Those interested in setting up a business and investors can obtain comprehensive information on topics such as land development from their chamber of commerce and industry. The CCI also knows all about

questions of building law or fire protection, about changes in use or about the special features of a location: such as building on contaminated sites that first have to be removed with the help of additional investment, or requirements that local authorities have decided on, for example, for emission and noise protection. In view of the many requirements that the legislator has imposed, especially in the areas of construction and fire protection, small and medium-sized companies in particular make use of the CCI's services.

## Location Consulting for Founders and Established Companies

Over the past few years, the Bavarian Chambers of Commerce and Industry have systematically expanded their range of advisory services, thereby anticipating the growing needs of their members. In addition to the individual initial consultation, they have above all established an online portal for the whole of Bavaria. This provides companies with a tried and tested marketing platform for industrial estates, listing more than 1,000 industrial estates of all Bavarian municipalities. The Bavarian Chambers of Commerce and Industry always recommend this Bavarian location portal as a starting point. If there is a need for further advice, employees are also available for personal consultations.

### Digital Core Offering: CCI Location Portal—Bavaria

This is how the CCI-Location Portal (Standortportal Bayern) works: The requirements for a new company domicile can be easily integrated into the search as parameters, and numerous service functions help with the evaluation and selection of locations. A suggestion list points out potentially suitable sites to searchers. A comparison list makes it possible to compare locations with each other and thus quickly identify plus and minus points. In addition to industrial estates, users can also find commercial properties as well as business incubators and technology centres. The location of the sites can be seen at a glance on a digital map. The contents of the location portal at a glance:

- **Basic information:** For each location, the classic types of information including the number of floor areas, area sizes with and without building rights or property divisibility are clearly noted.
- **Information on infrastructure:** In addition, there are details on the infrastructure such as transport connections, traffic development, energy or fibre optic lines.
- **Trade structures and company locations:** Existing CCI companies show the local mix of competitors and suppliers.
- **Information on the development of the region:** Users can also find out about population and employment trends, the trade tax rates, the local potential for skilled workers and current urban land use planning procedures.

- **Contact person at the location:** For each location that a user decides to add to the shortlist, the portal names a municipal contact person.

The nine Bavarian Chambers of Commerce and Industry, local authorities and administrative districts update the portal continuously, so the user is always up to date. However, the portal is no substitute for personal advice.

## **Influence on Urban Land Use Planning in Dialogue with Cities and Municipalities**

The CCI for Munich and Upper Bavaria not only advises its members on location issues, it also maintains regular contact with cities and municipalities, especially when they are planning new business parks or want to restructure existing ones. This is because the legislator has assigned the CCIs important tasks in urban land use planning. Without this planning instrument for land use and development, no commercial area can be newly built or developed. Consequently, if a local authority wants to draw up new land use or development plans for planned or existing industrial estates, the respective chamber of commerce and industry is consulted as the body responsible for public affairs. The municipalities appreciate this know-how of the chamber. Many of them therefore also wish to receive comments on mixed areas in which both commercial buildings and residential buildings are being built, or on purely residential areas in which retail businesses and service providers are only allowed to establish themselves selectively. In this way, the chambers of commerce and industry can regularly use their position papers to ward off exaggerated conditions, which companies could not have realised or only with excessive investment. (see also the article on urban land use planning in Chap. 5)

### **Box: Underestimated Fire Protection**

Up to 20 percent of the investment in a new commercial building can be spent on fire protection. The legislator places high demands on the hotel and catering industry in particular in this area. In this often underestimated topic, the advice of the chambers of commerce and industry is therefore particularly sought after. Safe building materials, escape route construction, fire protection regulations, alarm systems: These and other preventive measures cost a lot of money. The CCIs' unanimous experience: the earlier a company tackles the subject of fire protection, the lower the costs.

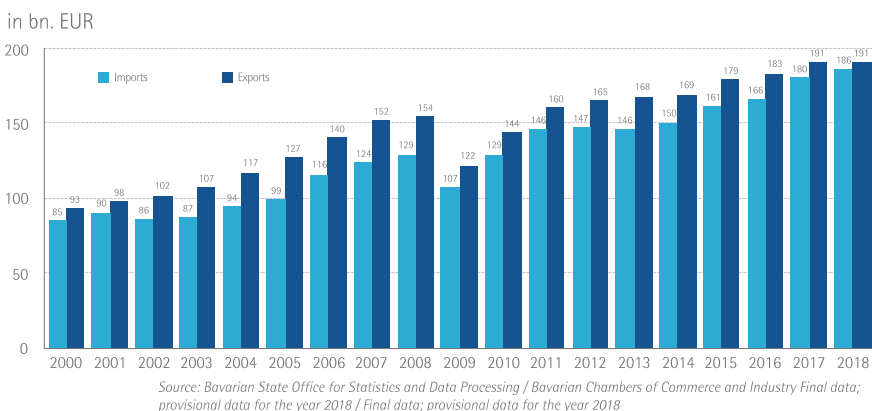
## Advice on Internationalisation—Accompanying You Abroad with Individual Support

*The services offered by the CCIs always include advice on internationalisation. The CCI for Munich and Upper Bavaria observes that the questions from entrepreneurs are becoming more and more individual and specific.*

On the Isar, Iller and Lech rivers, one export record chases another. In 2017, Bavarian companies achieved a full EUR 192 billion in sales abroad—5.4 percent more than the year before. Almost a third of these exports were vehicles, followed by electronic products and machinery. Companies from the city and district of Munich were particularly successful abroad. At 62.4 and 70 percent respectively, their export ratio was well above the Bavarian average of 53.2 percent. The export successes are offset by globally networked supply chains. In 2017, Bavarian companies purchased goods and services worth EUR 179.7 billion abroad—especially from the Czech Republic and Hungary. From the Czech Republic, they imported EUR 8 billion more goods than they exported to that country. In Hungary, they spent EUR 5.3 billion more than they turned over there. In total, Bavarian companies abroad generate a surplus of EUR 12.2 billion. (Look at Fig. 6.3.)

### CCI as the First Point of Contact for All Internationalisation Issues

For small and medium-sized companies, this export-dynamic is a great challenge. On the one hand, and especially in Munich and Upper Bavaria, they are closely integrated into the value-added chains of large international companies. On the other hand, they often cannot afford their own export department. The Chamber of



**Fig. 6.3** Increasingly international: The development of imports and exports of the Bavarian economy

Commerce and Industry for Munich and Upper Bavaria has therefore become an irreplaceable contact partner for them in all questions of foreign business. The 18 employees of the departments “Europe and EU Policy” and “America, Africa, Middle East, CIS, Asia-Pacific and Foreign Trade Finance” held around 250,000 advisory meetings with member companies in 2017. In addition, they organised 160 events in which around 6,500 entrepreneurs took part. About one third of the colleagues in the foreign trade department are also involved in issuing certificates of origin, A.T.A. carnets and other foreign trade documents. Customs and foreign trade law, as well as export control regulations, are the core competence of the department, in addition to its advisory tasks.

### **Specific Consulting Needs: From Intercultural Issues to Export Control Regimes**

The advisory meetings are all about motivating small and young companies to become active abroad as well as providing very specific information to companies already enjoying success in exporting. Whereas 15 years ago events were regularly overbooked when they offered general information on the market situation and location conditions of a particular country, today entrepreneurs need much more specific information: They want to know what particular intercultural differences they will encounter in e-commerce in the People’s Republic of China, what data protection regulations they have to observe in the USA or what tax regulations they have to comply with in Poland or Latvia. They need information on which certification regulations apply in certain countries, how digitalisation affects exports and how they can deal with increasing protectionism worldwide. Given that this topic is becoming increasingly important in view of the trade policy of the USA, the sanctions against Iran (and Russia), the Munich Chamber of Commerce and Industry (CCI Munich) organised a theme day on the export control regimes to be observed worldwide for the first time in 2018. The event was fully booked well in advance. The “Trade&Connect” export event, which takes place every autumn in Munich, is of similar importance for the member companies (see box below).

### **Diverse Formats**

However, as the questions and concerns of companies become more and more specific, the trend in event formats in foreign trade consulting is increasingly moving away from all-day events and towards half-day events, workshops, business breakfasts or webinars. At such events, experts provide information on clearly defined individual aspects of internationalisation in two to three hours.

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## **Close Cooperation with the AHKs and Other Specialist Departments**

The increasingly specific information needs of the member companies also require the staff of the foreign trade department to have an increasingly comprehensive knowledge of the markets they serve. In order to be able to answer questions and keep their knowledge up to date, the speakers therefore work closely with their colleagues in the foreign chambers of commerce around the world. The CCI also regularly sends members of the foreign trade department to the AHKs in the countries they serve. This gives the CCI speakers a better understanding of how their colleagues in the AHKs work and creates close contact networks. Since there is hardly any area of business management that foreign business would not have to deal with, it is also becoming increasingly important for the chamber's foreign trade experts to network with colleagues in other departments and units of the CCI.

Only through close networking can the demands that the chamber places on its own service quality be met. If a member company contacts the foreign trade department with an enquiry, it receives an answer within 48 h—often with a solution to the problem at hand, but at least with a confirmation of receipt if the responsible employee first has to activate his or her contact network to answer the question asked.

## **Intensive Exchange with the Members**

As with many other topics, beyond the advice provided by the CCI, the direct exchange between member companies in the field of foreign trade is a first step towards success. This is because often other members have already solved a problem. In their foreign trade committees, working groups and events, the chambers, including the CCI Munich, therefore regularly offer their members the opportunity to exchange their experiences. In times of digitalisation, the Chamber also organises this framework online via the Open CCI platform. There it regularly initiates discussions on foreign trade issues—for example, what entrepreneurs want when exporting services in the EU internal market.

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## **Case study 1: Trade and Connect—All you can export**

Every year in autumn, the Trade&Connect event (formerly known as Export Day) turns the Munich Chamber of Commerce and Industry into a globalisation hub. This is because experts from AHKs from over 60 countries come together in the metropolis on the river Isar. Trade&Connect is the largest foreign trade consultancy fair in Germany. In one-on-one meetings, entrepreneurs learn all the essentials about market entry, business expansion but also about purchasing in the respective countries. Visitors can arrange meetings with the AHK speakers of their choice



online when they register. Although not all questions can be answered conclusively in the 15 min available, important contacts are made. Individual follow-ups will also be arranged. Parallel to the individual consultations, the chamber organises a lecture programme. Experts will give lectures on all foreign trade topics that entrepreneurs deal with in the respective year—for example, in 2018 on Brexit, China’s project for a New Silk Road between Asia and Europe, foreign trade financing, security on business trips and US trade policy. As part of Trade&Connect, the Bavarian Ministry of Economic Affairs, together with the Association of Bavarian Chambers of Commerce and Industry, the Association of Bavarian Chambers of Trades and Crafts and the investment promotion agency “Bayern International”, has also been awarding the Bavarian Export Prize since 2007. With this award, the institutions honour entrepreneurs who have successfully conquered foreign markets through particularly innovative products and strategies—provided that the candidates do not employ more than 50 people.

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### **Case study 2: Enterprise Europe Network—Helping to succeed in the EU**

Innovation and internationalisation make small businesses competitive and successful. The European Union is certain of this. That is why it has set up the Enterprise Europe Network (EEN) in its member states. Its members include 600 chambers of commerce, universities, technology centres and agencies. The EEN contact points in the respective member states help companies to find business and innovation partners in other EU countries, jointly develop new products and open up foreign markets in Europe. In addition, the EEN provides advice on intellectual property, patent law, EU standards and funding opportunities and public procurement in the European Community, and organises country workshops, cooperation exchanges and business trips. In Bavaria, the Chamber of Commerce and Industry for Munich and Upper Bavaria coordinates the partners from the Free State who are involved in the network—among them, in addition to the Chambers of Commerce and Industry and the Chamber of Trades and Crafts for Munich and Upper Bavaria, the Bavarian Research Alliance (Bayerische Forschungsallianz) or the Technology Agency “Bayern Innovativ”.

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### **Succession Consulting—Teaching the Art of Letting Go**

*With comprehensive information and targeted advice, the CCI for Munich and Upper Bavaria helps its member companies to successfully master the generational change.*

Successions can become real ordeals: Numerous family businesses suffer from poorly planned succession processes, some of them perishing in the process. Particularly in small and medium-sized companies, senior owners often have difficulty letting go—with the result that they deal with the handover much too late. On the other hand, those who plan with foresight have a good chance of successfully mastering this difficult process. This then means there is enough time to solve even complex problems in such a way that the company's competitiveness and credit-worthiness are maintained. This is why many banks today appreciate it when companies have already arranged their succession at an early stage.

The chambers of commerce and industry are also aware of the challenges of a generational change and have therefore developed a special advisory service for their members. They have already accompanied numerous changes of leadership with great success.

### **Timely Start of the Handover Planning**

Above all, the CCI succession experts recommend far-sighted planning. About 10 years before the planned handover, or no later than 3 years before, the senior decision-maker should start to think about concrete ideas. An appropriate amount of time in advance must be planned not only by the person handing over the business but also by the successor. On both sides, there are not only legal, tax and business issues to be clarified but also many personal questions.

### **Consulting in All Formats**

In order to facilitate such processes for its members, the CCI for Munich and Upper Bavaria also offers comprehensive support for succession, especially in the form of help for self-help. Its services range from telephone calls and conversations to checklists, guidelines, Internet services, tools, trade fair participation, information events, consultation days and personal advice. The CCI experts for Upper Bavaria regularly develop their offers further and always remain closely oriented to the wishes of their members.

### **Extensive Offer**

In the meantime, the following focal points in particular have emerged:

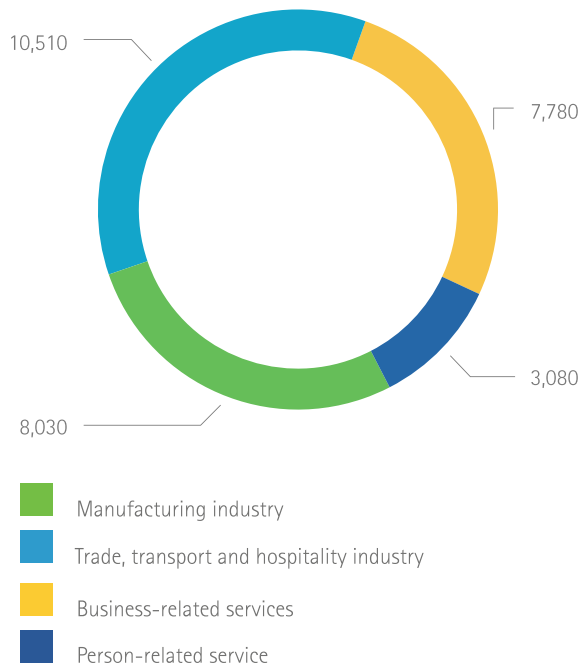
- **Information services:** What do those handing over (and those receiving) have to pay particular attention to in the succession process? Where do they receive support and advice? What funding opportunities are available? The CCI has a wide range of support, brochures and information material available on its homepage to answer such questions.

- **Checklists:** How do I prepare my company for the handover? How do I proceed with the company valuation? How does the financing of a succession work? Numerous checklists support those handing over and receiving control during the planning phase.
- **Telephone consultation days:** Anyone seeking expert advice and targeted support can register for the telephone consultation days. Experienced CCI succession experts will help and give impulses (see case study below).
- **Bavaria-initiative:** Under the title “Unternehmensnachfolge.Bayern” (Business Succession Bavaria), the Bavarian Ministry of Economic Affairs, the Association of Bavarian Chambers of Commerce and Industry and the working group of the Bavarian Chambers of Commerce and Industry launched an initiative to raise awareness of the issue of succession among companies and to support them in this process. The initiative is supported by numerous other partners from industry. The CCI experts see themselves as the contact point for this campaign.
- **Action Days Company Succession:** Getting the right information, exchanging experiences but also networking—this is what those handing over and receiving control can do on such action days and other events, which take place regularly in all CCI districts.
- **Personal consultation:** For the person transferring control, it means giving up their life’s work; for the transferee, it means founding a sustainable existence. For this to succeed, strategically well-thought-out planning is necessary. This is because, in addition to the personal aspects, many businesses, tax and legal questions need to be clarified. Here, the CCI experts are personally available to support their members.
- **Succession exchanges:** If no suitable candidate is found in the business family, the senior members should consider looking for a successor among external interested parties. Not only the nationwide succession exchange next-change but also a CCI’s own exchange platform can be of help. Anyone looking for a successor from the region can find one here. Cross-border exchanges are also part of the service. Companies can find further information and an overview of the succession exchanges on the homepage.
- **Emergency handbook:** By now, entrepreneurs have long known how important it is to take precautions against their own failure. Nevertheless, the willingness to deal with this topic is low. In order to avert additional damage to the business in such cases, however, it is particularly important for all companies to draw up an emergency manual. It answers questions like Who can and should take care of the company in case of illness or accident experienced by the owner? Who will temporarily or permanently take on the most important tasks? What powers of attorney are required for this? What further measures are necessary to ensure that

the company remains capable of acting in financial, legal, tax and business management terms? Which access codes and passwords must be passed on? A contingency plan therefore defines the urgently required steps to ensure the company’s ability to act. The CCI’s emergency manual, which can be found on the CCI’s website and which is intended to be a source of stimulus, orientation and a useful tool, tells companies what they should take into account.

A few years ago, the CCI for Munich and Upper Bavaria significantly increased its services for company handovers and successors. The most important reason for this is the demographic change. The average age of the entrepreneurs is increasing; a circumstance that shapes not only the German but also the Bavarian economy. According to the Bavarian Ministry of Economic Affairs, almost 30,000 companies with just over 500,000 employees in Bavaria alone are facing a generational change between 2017 and 2021. Companies are finding it increasingly difficult to find suitable successors. The Chamber of Commerce and Industry therefore sees it as one of its most important tasks to help its members with often complex and stressful processes such as the handover—with valuable and useful tools. (Look at Fig. 6.4.)

**Fig. 6.4** In the years 2017–2021, these sectors are facing the most transfers from one generation to the next in Bavaria



Source: Bavarian State Ministry for Economic Affairs, Regional Development and Energy, 2018

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### **Case study 1: Telephone Consultation Days—Advancing the Handover Process**

The telephone consultation days have proved to be a hit. Only recently, the Chamber of Commerce and Industry for Munich and Upper Bavaria introduced this targeted telephone consultation on succession issues for all members. Company bosses seeking competent advice can register for the telephone consultation days. CCI succession experts, who have a lot of experience, help even with difficult problems—and are again pleased about the great response: The experts count 40–50 calls on such consultation days.

The knowledge requirements of the callers range from simple questions, such as which preparation time companies should best allow for, to complex corporate law or tax issues. In such cases, the succession experts refer members to the appropriate CCI expert colleagues. Emotional and psychological issues are also raised, addressed and discussed time and again.

The special advantage of the telephone consultation days: Whoever wants can remain anonymous. This makes it easier for many entrepreneurs to talk not only about the major hurdles they still face but also about their own fears and concerns. In most cases, the CCI succession experts are able to provide appropriate impulses even in such delicate cases, which will help to move the handover process a step further.

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### **Case Study 2: Portrait of the Successor Laura Sasse, Dr. Sasse AG—“Holding On to the Opportunities for the Company”**

**Dr. Laura Sasse, Photo Credit: Dr. Sasse AG**



Digitalisation? Let the young people do it... In wide circles of the economy this form of “ignoring by delegating” is still common: This ominous Generation Y, grown up with a smartphone in their hands—let them take care of the internet and the like, if they enjoy it so much! It is more than a generational conflict or a “clash of cultures” that is reflected in this attitude. It is one of the many symptoms that make efficient succession planning in German companies difficult.

From this scenario, only the following applies to Laura Sasse: She is “the young one” who is concerned with “the new”. In her case, this means dealing with a sustainable corporate strategy. “We are a family business. And in a family, everyone takes on the tasks that suit them best”, says the 29-year-old. “In my case that’s digitalisation. We have recognised that it is a key function for the future of our company, in which I will take on management responsibility. So let me do the groundwork... in the knowledge that the changes we are initiating today will have the desired impact on the state of our business, which we must shape and position in the market in the future as the corporate management body”.

After graduating with a Masters in International Management and a PhD in Business Ethics and after spending several years in controlling and sales within the family business, she is now the “Chief Digital Officer” of Dr. Sasse AG, a large medium-sized company in the otherwise very small-scale structured German facility management industry. Her parents, who built up the company and still run it as board members, did not force her to take on this position. “I decided for myself, just as I decided of my own volition to take over responsibility for succession at the top of the company”, says Laura Sasse, before confirming the following: “As a family, we want to hold on to the opportunities for our company in future”.

We—that includes her sister Clara, who is currently gaining her own experience at an international management consultancy. Both will move up to the board of directors of the AG in the foreseeable future and then take over responsibility for more than 6,000 employees. A role for which they feel well prepared. Not only because they were both allowed to get a taste of their employees’ real working lives for a few months. Clara gained experience cleaning buses in England and Laura cleaned the sanitary facilities at Munich Airport. With a mop and bucket. “This knowledge is one of a manager’s most valuable tools”, says the young future entrepreneur. “It is the basis for all decisions”.

For example, for the decision to equip all managers with tablets. There are quite a few. This is because in flat hierarchies with autonomous teams, their number reaches a high three-digit figure. “Not everyone may realise it at first glance, but facility management is a people’s business”, explains Laura Sasse. “We make sure that people can rely on their workplace, and that they feel comfortable because it is clean and all the facilities function smoothly. Technology helps us bring this about. But all processes, all measures are driven by communication between the people involved”.

And what does that have to do with the tablets? They facilitate and speed up this communication because they help to capture and process all key data with unprecedented speed and accuracy. “Instead of spending a lot of time and effort on creating documentation, our employees now have time to talk to customers in detail

about the data and the messages it contains. This is added value that takes us further than a cleaning robot”, affirms the Chief Digital Officer.

She moves extremely confidently across the terrain of facility management, which has long since meant more than just cleaning equipment and buildings. Facility Management today is a holistic task for maintaining the value of all mobile and immobile capital goods of companies and derives its quality from the fact that service providers and clients meet on equal footing. The term “value-added partnership” is deeply rooted in Sasse’s family vocabulary.

The same applies to the awareness of a life as an entrepreneur. Whereby Laura Sasse attaches importance to the fact that she “was not born an entrepreneur and was not brought up to be one”. But she “grew up in the middle of an entrepreneurial family”. The subtle difference lies in the freedom in which she was able to make her personal decision as to where her career path should lead her. “I was able to observe from an early age what it is like when both parents are active as entrepreneurs. How they think, how they act, what matters to them, what they keep their distance from—all this was always in front of my and my sister’s eyes. At the kitchen table, we talked about what happened in the company and about our experiences at school—that was normal everyday life”. In her view, the inestimable value of this immediacy: “We had insight into simply everything—including how our parents felt as entrepreneurs”.

Sometimes this normality also generated strange consequences. On the way to their holidays, the family regularly visited customers or business partners. “Mr. and Mrs. Sasse and their daughters” were on the list of visitors, although many a host did not realise from the outset that the daughters were four and eight. “So often things were improvised”, Laura Sasse remembers with a smile—as well as the fact that she sometimes held short speeches in front of guests or employees. “My parents’ trust in my ability and that nothing could go wrong had an effect on me. I thought it was good to be there for my company”. Thus, it was not a big step to the model of the honourable merchant, who sees himself or herself not only as an entrepreneur but also as a role model in society.

Which is why Laura Sasse, who is now a member of the “Corporate Responsibility” committee of the Chamber of Commerce and Industry, agrees with the work of the Chamber of Commerce and Industry in several aspects—even as a representative of the “New School” on management issues. “The level of cooperation within the Chamber of Commerce and Industry reminds me of the strengths of a classic British club: space for an open network in which, in a pleasant atmosphere and at eye level, you can gain knowledge and insight that you cannot buy from a consultant”, she summarises in her assessment. “The rules are transparent and binding, the willingness to stand up for one another is something that goes without saying and the values that unite us are non-negotiable”.

Among the many networks vying for the next generation of entrepreneurs, the CCI stands out as a democratically structured, neutral institution. “As young executives, for whom independence is a great asset, we react very sensitively to this difference”.

Especially for successors in their own family business or as a start-up, the open access to the broad-based wealth of experience of the companies in a region is extremely valuable, “especially since we receive this advice without the self-interest of the advisors”.

What she also observes in the generations of entrepreneurs gathered there is that they do not see “corporate social responsibility” as a fashionable term, but take it at its word. She has a keen sense of serious commitment. She herself, who spent a large part of her training period in the UK and learned that “litter picking” is just as much a matter of course as mentoring other young people. She, who after graduating from senior school spent a quarter of a year in Tanzania helping to build schools and supporting women in starting their own small businesses. “You have to see yourself as a role model for social commitment” she says, “then you can anchor such responsibility within the company”.

**Box: Dr. Sasse AG**

Sasse Group is an internationally active family business and one of the leading German facility management providers. Founded in 1976, the Group of companies has its headquarters in Munich. As a family business, Dr. Sasse AG is primarily concerned with personal responsibility for employees, customers and partners. With its name, the Sasse family stands for the high quality of services and for a responsible, people-oriented management style. It exemplifies an understanding of closeness and mindfulness, which permeates the entire company. The company employs about 6,000 people. Laura Sasse will take over the family business with her sister Clara.

CCI commitment: Laura Sasse is a member of the committee “Corporate Responsibility” of the CCI for Munich and Upper Bavaria.

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## **Securing Skilled Employees—Arming Member Companies Against the Threat of Skilled Labour Shortages**

*In Bavaria, a growing number of jobs cannot be filled. The Bavarian Chambers of Commerce and Industry, and especially the Chamber of Commerce and Industry for Munich and Upper Bavaria, have developed comprehensive proposals here to help companies secure skilled workers.*

The economic strength of many companies and the flourishing economy that has been going strong for years have brought great success to the Free State—but also a problem that is constantly worsening: skilled workers are becoming scarce. As the latest CCI “Fachkräftereport” (Chamber of Commerce and Industry Report on



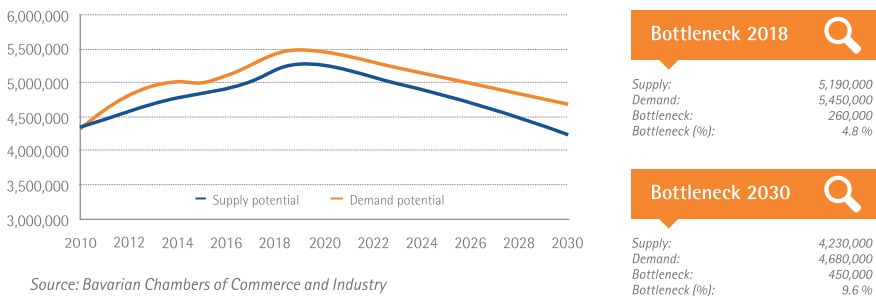
Skilled Workers) revealed, two out of three Bavarian companies now see a shortage of skilled workers as a major risk to their business. In 2012, only one in three Bavarian companies expressed concern that they would not be able to fill every job.

### Almost Half a Million Skilled Workers Will Be Missing by 2030

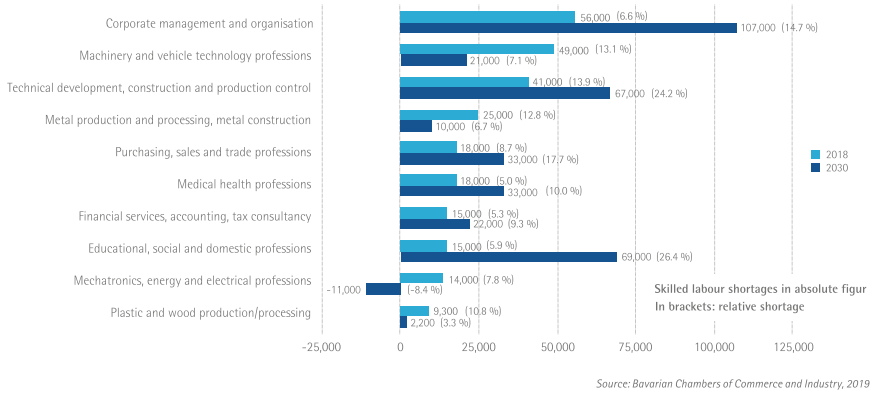
The bottom line is that about five percent of all jobs require a professional qualification and are currently unfilled in Bavaria. In absolute figures, this totals roughly 260,000 jobs. This is nearly equivalent to the population of Augsburg, the third largest city in Bavaria. Above all, IT experts, industrial clerks, office clerks, technicians of all kinds, as well as educators and other social professions are urgently sought after. In view of the fact that companies have to postpone or refuse orders due to lack of capacity, the Bavarian economy will suffer losses in added value of an estimated EUR 23 billion in 2018 alone. The problem will intensify further in the coming years. By 2030, there will probably be a shortage of 450,000 skilled workers, which means that the economy will probably lose around 51 EUR billion in added value. (Look at Figs. 6.5, 6.6 and 6.7.)

### Practical Tips for Companies

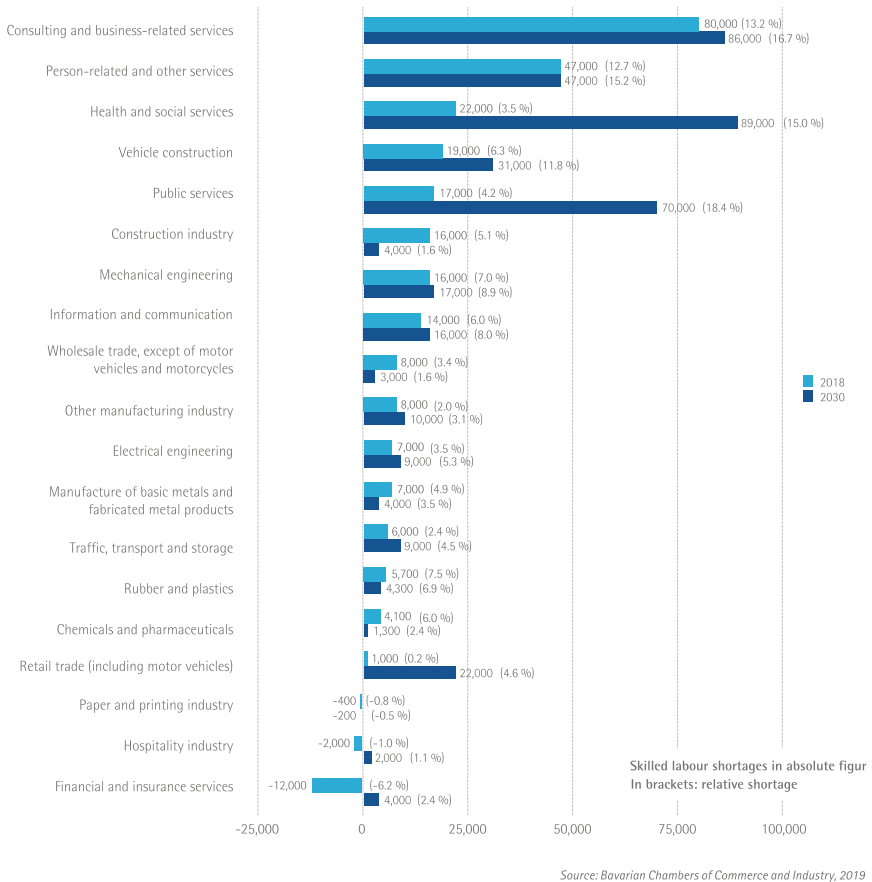
The Bavarian Chambers of Commerce and Industry have therefore declared the securing of skilled workers to be one of their main topics of concern. With great commitment, they point out to companies the potential of individual target groups that still need to be exploited, they present measures for greater employer attractiveness, and they lobby the legislator for better framework conditions. They regularly communicate the escalating problem and practical solutions in practice-oriented brochures, on their home pages, in their print media, in their press and public relations work and at events. For example, once a year the



**Fig. 6.5** Gap between supply and demand: In Bavaria, fewer skilled workers are available than are needed—compared with 2018 and 2030 (forecast)



**Fig. 6.6** Bavaria has a lack of these specialists in particular—comparison of the occupational groups in 2019 and 2030 (forecast)



**Fig. 6.7** Which industries in Bavaria are particularly affected by the shortage of skilled workers—comparison of 2019 and 2030 (forecast)

Chamber of Commerce and Industry for Munich and Upper Bavaria organises a so-called “Future Congress”, which constantly presents new aspects of securing skilled workers and gives the HR Managers and entrepreneurs—typically around 150 in participant numbers—many practical impulses. The CCI speakers also organise visits and viewings for their members to companies that set a good example of securing skilled workers with successful personnel strategies. Such appointments are in great demand because companies prefer to learn from other companies. In addition, CCI employees are also happy to advise company owners and HR managers in individual discussions or visit them at their location. And last but not least, the CCIs network in supra-regional alliances and work in close cooperation with other players to secure skilled labour.

**These are the most important measures that the CCIs communicate in order to secure skilled labour:**

- **Dual vocational training:** The first undisputed way to secure skilled labour is always dual vocational training: Some employers can already alleviate the shortage of skilled workers with a higher training quota. If it takes on additional young people as trainees today, it can bind them to the company permanently in 3 years. The CCI training department in particular provides companies with numerous ideas (see also the article on training in Chap. 5).
- **Greater employee diversity:** It is at least as important to tap into additional employee target groups. Target groups with potential, but which HR departments often dedicate far too little attention to, are women or mothers, older employees over 50 or people with disabilities. Recruiting these high-potential employees is easier if employers take their special needs into account, such as part-time work, company childcare or specially equipped workplaces.
- **Recruitment of foreign specialists:** The German labour market alone is not sufficient to cover the current demand for specialists. This is why the Bavarian economy also needs the immigration of skilled workers from abroad. The Munich Chamber of Commerce and Industry (CCI München) is actively involved in promoting immigration. It informs companies in events, the CCI media and brochures about the possibilities of recruitment, promotion and integration and has also had the renowned Munich Ifo Institute conduct a study to develop approaches to improve the framework conditions for immigration. A central, nationwide review of foreign qualifications for their equivalence with German qualifications is carried out by the CCI Foreign Skills Approval (CCI-FOSA) in Nuremberg (see also article Chap. 5). At the same time, the CCI promotes the integration of refugees into the labour market by providing information and concrete advice (see also article in Chap. 7).
- **Employer attractiveness:** Some skilled workers attach importance to canteen food produced from fair trade products. Others are pleased if their employer offers company health management, a good work-life balance or more equal opportunities for women. With such measures, an employer lets his employees know that he values them and their work and wants to create jobs with a

feel-good factor. At the same time, he or she builds up his or her image as an attractive employer. Here are a few concrete ideas that the CCI suggests:

- **Family friendliness:** The compatibility of family and career is probably the greatest asset with which companies can grow when recruiting specialists. A Germany-wide survey shows that around 90 percent of employees with children would even change employers to achieve a good work–life balance. Measures such as flexible working hours, home office or company childcare and holiday care have been tried and tested. Since more and more employees—especially women—are looking after relatives in need of care, the compatibility of work and care is becoming more and more important. Here, in addition to flexible working hours or home office, companies can also score points with so-called “care pilots” who support employees in organising care at home.
- **Occupational Health Management (OHM):** With this, employers voluntarily go beyond the legally required occupational health and safety standards—and this is something well received by their employees. Proven measures include free drinks or fruit at the workplace, free or discounted visits to fitness studios, sports activities during working hours, anti-smoking courses and much more. The special focus on keeping older employees healthy is also an important aspect of the company’s health strategy. A new field in OHM and thus also for companies is the mental health of employees.
- **Equal opportunities:** In terms of careers, women fall behind men in terms of family work, which in Germany is still mostly a woman’s job. The higher the position, the fewer the women. Apart from the fact that mixed teams are more creative and innovative, especially at the top, and make companies more successful, special career offers for women also increase the attractiveness of employers. These include mentoring approaches, an internal women’s quota or offers to balance family and career. Conversely, it is also important to allow fathers more family time and support.
- **Working world of the future:** The working world is becoming increasingly digital. However, companies must not only provide their employees with technical qualifications for these new working environments. The new working environment also includes new forms of work such as agile working, more flexibility, a move away from the culture of presenteeism, and working hours and places of trust. Positioning oneself here also makes companies attractive for skilled workers.

## Commitment to Better Conditions

However, securing skilled workers is not only the task of the companies, they also need political support in many areas. The CCI therefore not only provides information and advice but also advocates for appropriate framework conditions: comprehensive, flexible state childcare, all-day schools, the expansion of state care

centres, less bureaucracy, better additional income opportunities for older people who already receive a pension, easier needs-based immigration through immigration law, better integration of refugees into the labour market, easier tax accounting for health measures. The proposal for an immigration law, which the Munich Chamber of Commerce and Industry (CCI) presented together with the Ifo Institute, has also been included in part in the federal government's draft bill.

## Networking in Supra-Regional Alliances

And last but not least, the CCI is looking to advance all these goals together with others. This is because many things are easier together. Three alliances in particular should be mentioned: On a national level, the Alliance for Skilled Workers (Allianz für Fachkräfte) and the company network "Erfolgsfaktor Familie" have existed for many years. Both were co-founded by the CCI organisation. They are characterised by events and useful information on the topic of family and career. Since 2015, there is also the Bavarian Family Pact (see case study below).

**Box: The CCI's Specialist Employee Monitor for Bavaria: The "Fachkräftemonitor"—Managing the Shortage of Skilled Workers**

For years, different, even contradictory figures were circulating about the shortage of skilled workers in Bavaria. With the "Fachkräftemonitor", the Association of Bavarian Chambers of Commerce and Industry has a reliable market research tool that provides precise data on the supply and demand for skilled workers in Bavaria based on sound statistics. The monitor, developed by the economic research institute WifOR in Darmstadt, measures the shortage of labour for occupational groups, industries and chamber districts. It can also break the issue down to individual professions and regions, thus providing many companies with a precise picture of how strongly they are actually affected by the shortage of skilled workers and how this problem could become even more acute in the coming years. This tool has also met with lively interest from those chambers of commerce and industry outside Bavaria; chambers of commerce and industry in nine German states now offer this tool.

## **Case study: The Bavarian Family Pact—Making It Easier to Reconcile Family and Career and Thus Attract More Skilled Workers**

The chambers of commerce and industry regularly seek to close ranks with other players in order to support companies in securing skilled labour. One such example is the Bavarian Family Pact, which the Bavarian state government launched in 2015 with the Association of Bavarian Chambers of Commerce and Industry, the Bavarian Association of Skilled Crafts (BHT) and the Bavarian Business Association (vbw). The initiative aims to promote and communicate solutions for a better work-life balance. Lectures and information events are held regularly for companies. Employers who are planning appropriate measures can obtain advice from a service centre in Munich. Any company can join the Family Pact as a member and then advertise with the Family Pact logo. By joining, the company becomes part of a network that exchanges information about family-friendly measures in the company and thus continuously develops its own benchmarks. The pact now has almost 900 companies and network partners. Every 2 years, the initiative holds a competition to which particularly family-friendly companies can apply. Twenty winners are selected and awarded for their commitment at a ceremony. The spectrum ranges from global players to small and medium-sized companies, to local inns.

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## **Energy, Environmental and Raw Materials Consulting—Side by Side with Companies into a Sustainable Future**

*Rising prices and new legal requirements present many companies with significant hurdles in the supply of energy and raw materials and in the implementation of environmental and climate protection. The CCI advises and supports companies on how they can make their contribution to climate and environmental protection with voluntary measures. Such voluntary measures can also be more efficient than legal regulations. In addition, the CCI is committed to removing unnecessary hurdles.*

When it comes to the challenges of the future, energy, the environment and raw materials are at the top of the agenda for many companies. The companies have to modernise their energy supply, make their production as environmentally friendly and sustainable as possible and ensure their raw material supply in the long term. They need creative and forward-looking concepts and technological solutions

- for their contribution to the implementation of the “Agenda 2030 for Sustainable Development”—worldwide as well as locally,
- to handle the long-term consequences of the so-called energy transition, with which Germany will manage to phase out nuclear energy by 2022 and will progressively switch its energy supply to fossil and renewable energy sources,
- for the current (and constant rising) electricity prices,

- for environmental legislation on recycling, product returns and packaging, among other things, and
- for impending bottlenecks or price explosions affecting important raw materials.

## **Cooperation of the Bavarian Chambers of Commerce and Industry with Other Stakeholders and Politics**

The CCI for Munich and Upper Bavaria recognises and anticipates these challenges in discussions with its members and offers companies numerous services such as initial advice, events or publications as well as projects, forms of cooperation and initiatives. In most cases, it joins forces with the other Bavarian Chambers of Commerce and Industry. Together they then seek—usually with other business organisations and associations—to close ranks with the Bavarian state government. After all, environmental protection and energy issues do not stop at the CCI district border. Close coordination between business and politics has repeatedly enabled sensational projects, which have often attracted attention far beyond the borders of the Free State.

### **Exemplary “Bavarian Environmental Pact”**

One example of such successful cooperation between business and politics is the Bavarian Environmental Pact, which was first negotiated in 1995 by the Association of Bavarian Chambers of Commerce and Industry, the Bavarian Association of Skilled Crafts (BHT) and the Bavarian Business Association (vbw) with the State Chancellery and several State Ministries and has since been renewed every 5 years. In each pact phase, all pact members—i.e. companies—define individual projects that reconcile ecology and economy and save costs, resources and administrative work. At the same time, the pact sets important overarching milestones. In the case of the latest Environmental Pact 2015, this was the Resource Efficiency Centre of Bavaria (REZ).

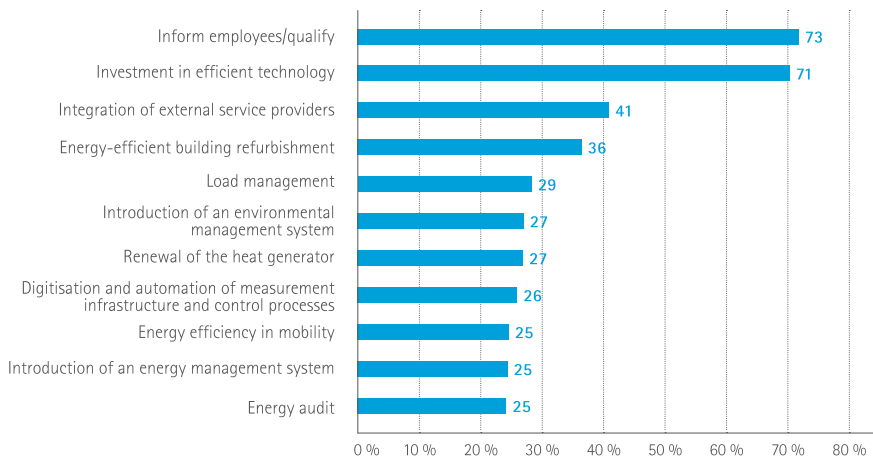
The vast majority of those individually planned projects are successfully implemented by the pact members and confirm the CCIs in their conviction that, on balance, voluntary measures by companies can be significantly more effective than statutory state regulations. Compared to other German states, Bavaria has, in fact, passed far fewer laws and regulations on energy, environmental and raw materials issues.

### **Energy Efficiency Network Initiative**

The Chambers of Commerce and Industry also achieved a major success in the field of energy efficiency. In 2014, the Chambers of Commerce and Industry, other trade

associations and the Bavarian State Ministry of Economic Affairs founded the Bavarian Energy Efficiency Network Initiative (BEEN-I). The BEEN-I is the Bavarian implementation of the nationwide Energy Efficiency Network Initiative. It supports cooperation between 5 and 12 companies with above-average energy consumption. These companies work together for 2–4 years and agree on a joint savings target based on individual savings that each participant has defined for his or her locations. This target is reported to a coordination office in the Ministry of Economic Affairs. Qualified energy consultants, who are co-financed by a federal subsidy programme, help to implement the targets and achieve the goals.

The successes are considerable. In the first 4 years, Bavarian companies founded more than 30 networks, in some of which the CO<sub>2</sub> emissions of the network members fell by multiples of 10,000 tonnes. Global players such as Allianz, BMW and Siemens were just as successful in this project as many small and medium-sized companies. Compared with other German states that had launched similar projects in Berlin as part of the federal government’s nationwide initiative, Bavaria scored significantly higher. Bavaria is thus also contributing to the global 2-degree target, the goal of international climate policy to limit global warming to less than two degrees Celsius by the year 2100, and is thus supporting the Paris Climate Protection Agreement. (Look at Fig. 6.8.)



Source: Bavarian Chambers of Commerce and Industry, 2019

**Fig. 6.8** Committed to environmental and climate protection: How Bavarian companies are increasing energy efficiency



## Advocacy Regarding Power Lines from the North

Despite all these joint projects and successes, the Bavarian Chambers of Commerce and Industry does not shy away from conflict with the Bavarian state government, if necessary. When, for example, new power lines were to be built from northern Germany to Bavaria to transport electricity from the wind turbines in northern Germany to southern Germany, there were clear differences between politics and industry. Industry wanted the power lines as quickly as possible and saw them as a guarantee for long-term energy security without nuclear power after the energy transition. However, the politicians wanted to give into massive resistance from the population, who did not want the power lines in the form of the planned overhead lines. In the end, a compromise was reached. With the construction of underground power lines, politics and the economy are taking into account the concerns of the population, while also securing the supply of electricity. But the next conflict is already simmering: With regard to the power supply of the future, the Chambers of Commerce and Industry are arguing for hydroelectric power, which has a long tradition in Bavaria. Here, however, politicians are once again confronted with resistance from the regional population, which rejects the construction of reservoirs. Here, too, the CCIs will work towards a compromise.

## Further Challenges for Environment, Energy, Raw Materials

Despite all the great steps taken, there is no lack of challenges for the future. Following are three essential topics on which the Bavarian Chambers of Commerce and Industry will continue to work together in the fields of environment, energy and raw materials:

- **Plastic waste:** Over the next few years, Bavarian companies will have to find solutions to the growing problem of plastic waste; the European Union wants to contain the use with bans and other measures. In addition, the waste management industry is to increase its (already high) plastic recycling rates of around 75 percent without having to landfill additional waste contaminated with pollutants.
- **Energy efficiency:** A great deal has already been achieved in this area through the Energy Efficiency Network Initiative, but the challenges of saving more energy still remain.
- **Raw material extraction:** The bavarian industry is currently facing unprecedented hurdles in the extraction of raw materials. New legal requirements for environmental protection and nature conservation as well as resistance in local politics and among the population are making it more difficult to develop raw material deposits and extract raw materials. The raw materials concerned include, for example, the stones and earth needed for the construction of new rail and road routes. Simply digging a gravel pit, mining the raw materials and later

converting them into a quarry pond is no longer possible today. In a guideline for securing raw materials, the Association of Bavarian Chambers of Commerce and Industry provides recommendations on what entrepreneurs have to take into account when it comes to licensing law and specialist legislation, how they can make mining as environmentally friendly as possible and what has to be taken into account when re-cultivating a mining area.

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### **Case study 1: Bavarian Environmental Pact—Protecting the Environment with Individual Measures**

The Bavarian Environmental Pact is a true gem: when the Bavarian Chambers of Commerce, trade associations and the state government decided to reissue it in 2015, it was already 20 years old. The first Environmental Pact was concluded in 1995, followed by four extensions. The current environmental pact was signed in 2015 and is set to run until 2020. Several thousand companies have participated in all environmental pacts. Targeted measures are being taken to conserve resources, save energy, avoid waste, reduce CO<sub>2</sub> emissions and make supply chains sustainable: These are the main goals of the Environmental Pact. For small and medium-sized companies, in particular, the pact opens up a wide range of opportunities to get their consumption and costs under control with simple means. Each participant undertakes to exceed legal requirements for environmental protection and sustainability with voluntary individual measures. The results are sometimes surprising product and process innovations or helpful practical tools:

- In recent years, the participating companies have developed, among other things, resource-saving repairs of electronic assemblies, oil products from waste sludge, mechanical processes for the reduction of packaging or environmentally friendly concepts for wood treatment.
- Experience has shown that the fastest way to protect the environment is to separate waste. Corresponding measures are easy to implement, and there is no shortage of disposal service providers who accept and pay for secondary raw materials such as waste paper, waste metals or waste grease in Bavaria. Through the Environmental Pact, companies have worked on a range of new solutions.
- The use of transport bikes and e-cars in commercial transport, the replacement of raw materials with recycled materials in production and investment in energy-saving technologies also help. Here, too, many companies have set out on the road laid out by the Environmental Pact and have found new solutions. Incidentally, the Munich Chamber of Commerce and Industry has been strongly committed to the use of cargo bikes as an alternative means of transport for many years and advises its members accordingly.
- In a further pilot project under the Environmental Pact, practical guidelines were developed for anchoring ecological, economic and social issues in the entire

supply chain. This practical tool for sustainable supply chain management, which has already been tested in many companies, is available on the pages of the Bavarian Environmental Pact.

## **High Success Rate in Project Implementation**

According to previous experience, 98 percent of the participants spare no effort in achieving the promised goals. In many cases, they are helped by training selected employees to become energy managers who support them in implementing the measures that have been decided upon. With the help of measurement data and key figures, these employees then keep records of energy consumption and help their companies increase energy efficiency and reduce electricity costs. The CCI Academy, among others, train energy managers. As a further building block for efficient energy management, the CCI organisation offers a qualification measure for trainees/apprentices to become energy scouts within the framework of the SME initiative “Energiewende und Klimaschutz” (“Energy Transition and Climate Protection”). In this way, the trainees can contribute to identifying and documenting energy-saving potential in their training companies and to stimulating effective improvements. The CCI Academy also offers seminars in this area.

The Bavarian CCIs themselves also support the participants in implementing their projects.

## **Image Gain Through the Use of the Environmental Pact Logo**

In addition to saving resources and costs, the participants also benefit from using the eye-catching design of the Environmental Pact logo, which they are allowed to use in all their advertising work. Companies regularly report that they are approached by customers about their participation in this endeavour.

## **Extension of the Environmental Pact Every 5 Years**

The Environmental Pact is adopted for 5 years at a time. Companies looking to join again in a new edition must decide on a new individual package of measures for their membership, so they cannot rest on their laurels from the past. This contributes to the fact that especially companies with above-average environmental awareness are continuously improving. They often discover further potential for saving energy consumption when they re-examine long-standing processes or use new technologies, or come across other issues such as biodiversity. This is because when it comes to sustainability and energy efficiency, there is always room for improvement.

## Case Study 2: A Look Inside the Companies—Gearing Up Climate Protection

Bavarian companies contribute to climate protection with good ideas. The following Bavarian examples show how it can be done practically and how much CO<sub>2</sub> they saved.

### *Schreiner Group: The climate-neutral building.*

Schreiner Group in Oberschleissheim, an international high-tech company for innovative functional labels, has wholeheartedly embraced a green building concept: An energy-efficient office complex for 230 employees was to be developed according to the motto “zero CO<sub>2</sub> emissions” by installing

- air conditioning systems that use groundwater: heat pumps that operate heating and cooling ceilings
- air conditioning systems with ionised air: These save 25 percent air exchange
- triple-glazed windows and internal slats
- automatic lighting control through light sensors, motion detectors and LED lights
- Green electricity

The result: 0.0 t CO<sub>2</sub> emissions from the new company building VI.

### *Irlbacher: Energy efficiency at all levels*

As part of an overall resource-saving concept—for renewable energy systems, with highly efficient heat recovery as well as utilisation—the special glass manufacturer Irlbacher constructed an additional production hall in Schönsee in 2012, which does entirely without fossil energies for heating technology. In the new production hall, CO<sub>2</sub> emissions were reduced by 300 tonnes per year. An energy management system was introduced in 2015 to continuously expand these and other energy and resource efficiency measures.

Since 1997, the continuously improved water treatment systems have been cleaning approximately 1.2 million litres of grinding emulsion per hour, which is then returned to the machines. From this treated water, a heat output of approximately 260 kW is extracted with the help of heat pumps, which does not need to be generated elsewhere. This corresponds to a saving of about 117 tons of CO<sub>2</sub>.

In addition, a central vacuum supply system was set up in 2016 and extended across the entire plant in 2017, which will save around 68 tonnes of CO<sub>2</sub> per year. By further optimising the current heat supply via heat pumps that utilise geothermal probes (heating and passive cooling), a further 24 tonnes of CO<sub>2</sub> has been saved since 2018.

In 2020, Irlbacher will build an energy supply centre with three combined heat and power (CHP) units—including an absorption chiller and the extraction of exhaust gas heat on a thermal oil basis. In summer, the heat from the engines will be used to generate cold in an absorption refrigeration machine and the waste heat

from the exhaust gas will be used to transfer heat to thermal oil as a heat transfer medium. The current cold supply via the heat pumps is replaced by the highly efficient cold generation from the absorption chiller, which means a saving of about 240 tons of CO<sub>2</sub>. In order to make even more use of the exhaust gases from the CHPs, new dryers are being developed which use the heat from the thermal oil for the drying processes. The conversion to the new highly efficient dryers will save approximately another 249 tons of CO<sub>2</sub>. The heat in winter from the engines replaces the heat from the heat pumps with a CO<sub>2</sub> saving of around 300 tonnes. The electricity generated by the co-generation units is used entirely in the plant, which means that less electricity has to be purchased. In order to realise this saving in electricity purchasing, natural gas must be purchased. Due to the changeover from electricity to natural gas, a further CO<sub>2</sub> saving of around 371 tonnes is achieved. This means that the energy centre alone will save around 1,160 tonnes of CO<sub>2</sub> annually from 2020 onwards.

***VP Group: Energy Scouts and their success story.***

The manufacturer's idea for innovative packaging solutions in Munich: Trainees learn to detect energy weaknesses. As part of an additional CCI training course, they become young professionals in the use of measuring instruments, communication, organisation and carry out their own efficiency project in the company. This means that packaging specialists benefit from three effects at once: The environmental benefits. The company also benefits—think of cost savings through reduced energy consumption—and the trainees benefit even more: To carry out a meaningful and responsible project independently is extremely motivating. The figures: roughly 340,000 kWh energy savings per year

***ebm papst: Setting the wheels firmly in motion***

For companies, too, the question of how individual mobility can be ensured without a car is essential. The world's leading manufacturer of fans and motors has not only motivated its employees to cycle but has also done something to keep them on the pedals. From the introduction of the "Dienstrad" or "service bicycle" to spring inspections and cycling tours such as "Landshuter Stadtradeln", all this effort led to

- the award as a "bicycle-friendly company"
- a lot of exercise per person
- and about 35,600 kilograms less CO<sub>2</sub> per year.

***CHMS: A stunningly clean performance***

The family-run CHMS is a laundry for towel rolls, dirty mats and mops in the Franconian district of Coburg. It has implemented innovative energy and water-saving concept that covers the entire laundry. This was implemented in cooperation with the Technical University of Nuremberg at the Rödental site (Upper Franconia).

- The networking of all water circuits in the laundry resulted in considerable water savings. In addition to the use of rainwater and the treatment of wastewater, the water from the washing and rinsing processes is used several times.
- Among other things, the energy savings are achieved by using the waste heat from wastewater, the exhaust air from dryers and part of the energy from a newly installed gas turbine-based combined heat and power plant in other processes. The dryer concept is also highly innovative. Here, residual heat from the washing process is used in a pilot plant for complete textile drying. Whereas previous dryers still required 700 to 800 watts per kilogram of laundry, the new development of cascade drying will probably manage with 130 watts.

As a result, twelve million litres of water, 2677 megawatt hours of electricity and 657 tonnes of CO<sub>2</sub> will be saved each year. At the same time, the amount of washing chemicals used will be reduced by around 1.2 tons per year—while maintaining the same washing quality.

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## **Delivering on Regionalisation—Creating Competent Local Offices**

*More regional proximity: The Chamber of Commerce and Industry for Munich and Upper Bavaria has brought its services closer to its members with efficient offices at central locations in Upper Bavaria. The strong presence of local employees has also improved the transfer of knowledge and information as well as increased networking.*

In dealing with Europeanisation and globalisation, it can be particularly important to bring district perspectives to bear.... The expertise and experience of all tradespeople working in the region are also in demand with regard to the tasks assigned, namely to conduct examinations and issue certificates. In 2017, for example, the Federal Constitutional Court ruled on the chambers of commerce and industry—and thus simultaneously formulated their traditional self-conception of looking after their chamber district as a whole, as well as the next smaller regional units within the district with the same care. The CCI for Munich and Upper Bavaria had already cast this into new structures in 2010. It established five offices in the region. This was also in response to the wishes of members outside Munich. These members had to accept long distances to the state capital for many services until the offices were opened. The chamber district of Upper Bavaria is very large, covering an area of more than 17,000 square kilometres. With well-equipped local offices, both in terms of staff and expertise, the distances for non-Munich residents became shorter, so they felt better served. As a positive side effect, local networking was also strengthened.

## Strategic Branch Office Instead of a Regional Office

Of the two possible options for regionalisation, one was quickly discarded: It would have been conceivable to duplicate the CCI offices that already existed in some places in the past to handle organisational and administrative tasks. Each district would then have been given its own corresponding unit. However, this would have brought little in terms of efficiency gains and the benefits for the members would have been limited. In the public perception, the offices would have had the function of a “managed mailbox” rather than a noticeable presence.

## Tasks of the Local Offices

The second option was to establish strategically placed regional offices on site. This was chosen. With locations in Rosenheim, Ingolstadt, Weilheim and Mühldorf, the offices are now spread over a large area in the economic region of Upper Bavaria and ensure short distances between members, committees and the representatives of the Chamber of Commerce and Industry. An additional, fifth branch office takes care of the regional committees in the administrative districts located around the state capital Munich. This ensures that their topics and concerns are not just seen as a side effect of Munich but also enjoy their own status.

The offices are active in these fields:

- **Public and service tasks assigned by the state:** The teams at the branch offices make many functions and services available to the business community close to the location, which were previously only available at headquarters. For example, the branch offices provide entrepreneurs with start-up, business management and educational advice. Examinations in commercial and technical fields are also held locally. If members previously had to travel to Munich, they now often only need to visit the neighbourhood.
- **Representation of interests:** The managers of the new offices, together with their staff, can now also take up the needs and impulses from the administrative districts more comprehensively and with greater frequency than before—the bottom line is a significantly increased transfer of knowledge from the companies and locations into the overall organisation and real added value for the efficiency and design capability of the CCI.
- **Information hub:** The offices see themselves as hubs in the flow of information: Collect—distribute—deliver back, paying attention to efficiency and speed. This is also reflected in the growing number of own events with which the offices cover the needs of local entrepreneurs.

The management of the CCI offices is in the hands of executives who are familiar with entrepreneurial thought and action. This ensures that the CCI contact persons can communicate and act on an equal footing with the members and that

the anchoring of the branch offices (and thus of the CCI) in the regional business-related networks continues to progress.

### **Similarities but also Many Differences**

The direct and frequent contact with members from the region as well as with local representatives undertaking volunteer work is an important asset of the new offices. Especially since another aspect plays an important role in the work of the full-time staff, which is now being talked about primarily on a global level: diversity. After all, even in a comparatively small area, the cultural uniqueness of the individual administrative districts should not be underestimated, which manifests itself in their own structure, in a specific corporate landscape but also in the language and culture of each region. The employees in the branch offices move in direct proximity to this environment, both organisationally and culturally. This enables them to recognise the very specific needs of the regional entrepreneurs for whom (and with whom) they work and to take them into account more effectively.

**Box: This is How the Upper Bavarian Districts are Distributed Among the Branch Offices**

#### **Ingolstadt office**

Eichstätt  
 Ingolstadt  
 Neuburg-Schrobenhausen  
 Pfaffenhofen a.d. Ilm

#### **Mühldorf office**

Altötting  
 Mühldorf

#### **Munich region office**

Dachau  
 Ebersberg  
 Erding  
 Freising  
 Fürstenfeldbruck  
 Starnberg  
 München Landkreis

#### **Rosenheim office**

Berchtesgadener Land  
 Miesbach  
 Rosenheim  
 Traunstein

#### **Weilheim office**

Bad Tölz  
 Wolfratshausen



Garmisch-Partenkirchen  
Landsberg am Lech  
Weilheim  
Schongau

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## **CCI Academy Munich—Promoting Business and the Economy Through Education**

*In order for a location to remain competitive, it needs not only good general education schools and universities but also vocational further education and training opportunities that meet the needs of the population. The CCI for Munich and Upper Bavaria realises this in its own CCI Academy.*

If you ask people on the street what they actually associate with a chamber of commerce and industry, the first thing that comes to mind is training and further education. This is not only due to the dual vocational training system supported by the chambers but also due to the CCI's own academies, which the CCI for Munich and Upper Bavaria and other CCIs founded and have continuously expanded.

### **Reaction to the Educational Discussion of the 1960s**

The founding of CCI academies began in the 1970s—as a reaction to an educational policy outcry that had passed through the Federal Republic of Germany a few years earlier, in the mid-1960s. Educational policy-makers, companies, trade unions, teachers and parents feared that West Germany at the time would be left behind in terms of education. Above all, continuing vocational training seemed to be inadequate. This was also complained about by companies everywhere. Although the adult education centres offered courses in shorthand and typing, was this really enough to keep Germany innovative and competitive? All this led to a broad debate on education not only in society and politics but also in the economy and the chambers of commerce and industry.

### **Start of the CCI Academy in 1977 in Feldkirchen-Westerham**

In Munich and Upper Bavaria, too, primary and honorary positions discussed the importance of vocational education and training in depth. The members demanded that the Munich Chamber of Commerce and Industry should become more strongly and systematically involved in continuing education. The result was the foundation

of the CCI Academy in 1977, initially at the CCI's location in Feldkirchen-Westerham. Contemplatively situated in the forest, with a hotel business linked to it and excellent food, it enables the students to concentrate completely on learning. In the 80 s, Munich was added as a further academy location. The Munich CCI Academy was the first CCI Academy in the old Federal Republic of Germany. Today it is the largest CCI academy in Germany. Its legal form is the gGmbH (non-profit limited liability company). It works with a core of around 1300 trainers and offers more than 1100 courses and seminars.

## Role and Tasks of the CCI in Further Education

A brief recap of the German system of vocational education and training is provided here (see also Chap. 5):

- **Dual vocational training** stands for the entry into a profession, which usually consists of a 3-year dual training programme in companies and vocational schools together. This is the famous dual vocational system.
- **Further training in the sense of a higher qualification under public law (also higher vocational training under the Vocational Training Act)** means obtaining the next higher further training qualification recognised under public law in a three-stage system after dual vocational training: These are known in German as “Fachwirte”, “technische Fachwirte”, “Industriefachwirte” and “Meister”, and at the next higher level “Betriebswirte” or “technische Industriemanager”.
- **Further training without examinations under public law** means to attain a specific level of vocational further qualification and to be examined not under public law, but nevertheless with a respected, nationwide valid certificate or even just a certificate of participation.

These are the roles of the CCI and CCI Academy:

- **Tasks of the CCI:** The CCI itself is responsible for all public tasks related to training and further education in trade, industry and the service sector that are delegated by the state, namely: the registration of trainees and training companies, the appointment of examiners, organising the final examinations for trainees, the final examinations for higher vocational training or even for special professional licences.
- **Tasks of the CCI Academy:** The CCI Academy offers preparatory courses in the field of higher vocational training in its programme. However, interested parties can also take these courses at other training providers. The examinations for higher vocational training (for CCI professions), on the other hand—and this is important—can only be taken at the CCI (see above). In addition, the CCI

Academy offers an extensive programme of special further training courses, which are not subject to public law, with which companies can support their trainees or employees and which culminate in a certificate of participation or similar.

## Offers of the CCI Academy

Just which offers the CCI Academy makes to entrepreneurship is determined by the public education system in the case of higher vocational training. Otherwise the academy orients itself with the organisation of its offering to the market—above all, however, to the needs of the entrepreneurs and other business leaders. Here the close co-operation of primary and honorary offices also plays a key role for the CCI Academy. Topics, which the honorary office brings to the CCI primary office, or in reverse, topics, which the primary office would like to bring into the enterprises, can also become offers of the CCI Academy.

The contents are extremely diverse. A small insight:

- **Higher vocational training:** Higher vocational training follows the dual vocational training and ends with an examination under public law. In the end, the employees are then specialists, business economists or master craftsmen. The Academy offers a wide range of preparatory courses here.
- **Further training courses which continuously accompany everyday business life:** The topics range from foreign trade, customs, purchasing, marketing, logistics, sales, event management, to accounting and much more. The participants stay up to date in their specialist areas or are made ready for new tasks.
- **Further training courses that pick up on current trends:** For example the CSR (Corporate Social Responsibility) manager, the social media manager or the business mediator. The CCI Academy thus reacts to new needs in the economy and develops a qualified offer—or it places a new offer in order to push a new topic that is important to it through the further vocational training structure.
- **Training support:** This is where future trainers are qualified. Companies can also promote and support their trainees with additional knowledge: from apprenticeship telephone training to special apprenticeship mathematics courses.
- **Business start-up:** This is a very wide range of services, offering all the subjects that founders need: Basic know-how for founders, preparation of business plans, setting up a sideline business, setting up a business for women or basic knowledge about taxes and legal forms.

- **Personality development and soft skills:** This is about communication techniques for managers, new agile working methods, mastering difficult customer conversations, time and self-management, presentation techniques or public speaking—in other words, everything that helps entrepreneurs, managers and employees personally.

Not only in terms of content but also in terms of formats, the CCI Academy is constantly evolving. Blended learning, which combines face-to-face and online learning accounts for a growing share of the offerings. And in-house seminars, which the trainers from the Academy implement directly in the companies, have also been added over the years.

## **Empowering CCI Employees**

At the same time, the Academy is used to make (and keep) the CCI's own employees fit for business. Further training of its own employees is a high priority for the CCI, which sees it as an important expression of its responsibility and care towards its employees. Newly employed experts learn exactly what the CCI is, how it works and meet twice for three days in Westerham. Employees can also receive further training here for new tasks—for example if event management is added to their job profile. Then the Academy offers the suitable seminar and the CCI finances this further training in full or subsidises it accordingly.

## **Nationwide Cooperation with DIHK-Bildungs-GmbH**

And, last but not least, despite the autonomy of the individual CCIs and their educational institutions, there are also joint educational efforts. DIHK-Bildungs-GmbH in Bonn was founded specifically for this purpose. Together with experts from the field, this company develops educational products and services for the CCIs—especially those that lead to a recognised qualification under public law or certificate and must therefore be valid and uniform throughout Germany. The fact that there are, for example, nationwide uniform further education examinations is thanks to DIHK-Bildungs-GmbH. The products are then used by the regional CCIs and can be offered to companies. The lecturers of the CCI Academies can also use the products of DIHK-Bildungs-GmbH. At the same time, DIHK-Bildungs-GmbH also serves the CCI employees themselves and provides them with further training—incidentally, also in the AHKs across the globe.

**Box: Selected Further Training Offers**

- **Technical business economist CCI:** This in-service training is the third level of higher vocational training according to the Vocational Training Act. It concludes with a nationally-recognised qualification and is aimed at master craftsmen, technicians, technical business economists CCI, engineers with professional experience and media business economists. The course of study lasts 670 h and is completed within 2 years. The aim is to prepare the participants for managerial tasks. To this end, they learn the basics of economic activity (aspects of general economics and business administration, accounting, financing and investment as well as materials, production and sales management) and the subject area of management and leadership (organisation and corporate management, personnel management as well as information and communication technologies).
- **Social Media Manager:** This 6-day further training course is aimed at managers and employees from the fields of marketing, advertising, sales, product management and IT. It is deliberately designed for social media beginners and provides specialist knowledge. Participants receive a foundation understanding of all measures and platforms and an overview of important legal aspects. The content includes, for example, the development of a social media strategy, fan and follower development, budget and resource planning, social media marketing, content management or data protection.
- **CSR Manager:** The CSR (Corporate Social Responsibility) Manager training course at the Chamber of Commerce and Industry provides compact knowledge on the integration of Corporate Social Responsibility in the company. It is aimed at managers and decision-makers, employees who are tasked with developing CSR management, as well as other interested parties. The training and qualification as a CSR Manager CCI comprises four modules, which are completed in 1 year. The topics covered are the social, legal and corporate prerequisites of CSR, CSR management processes, CSR instruments and CSR initiatives. The further training concludes with a recognised certificate.
- **AzubiFit—the programme for apprentices:** Apprentices encounter an increasingly complex working world. And with the title AzubiFit, the CCI Academy offers various seminars that enable trainees to go beyond their actual training. These include courses such as “Etiquette for Telephone Dialogue”, “Communication”, “Presentation Techniques”, English for everyday office life, training as an Energy Scout or specific preparation for the final examination. The seminars are usually financed by the training companies for the trainees.

- **Time management and self-management:** This two-day practical topic presents the essential factors for professional time and work organisation. It is suitable for managers and executives, project leaders and team leaders, employees with initial project and leadership responsibility and for all those who want to optimise their personal time management and individual self-management. The participants analyse their own time situation and sharpen their sense of awareness to ensure the effective handling of time as a key factor in business. They learn to optimise their time and self-management system with the help of specific tools, simple methods, practical instruments and proven application strategies.

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# CCI in Practice—General Representation of Interests

# 7

Stefan Bottler, Monika Hofmann, Gabriele Lüke, Eva Müller-Tauber, and Ulrich Pfaffenberger

Representing the interests of all entrepreneurs in a region is another important task of a chamber of commerce and industry. The chapter begins with an interview in which two experienced personalities explain how a chamber of commerce and industry can approach this issue. This is followed by a brief insight into the opinion-forming processes of a chamber of commerce and industry. Afterwards, the work of the CCI in representing the interests of its members is explained using various individual examples: through portraits of committees and working groups, through agenda-setting for specific topics and in the work on legislation. The chapter also shows how the representation of interests is implemented at the next higher levels, at the Association of Bavarian Chambers of Commerce and Industry and the Association of German Chambers of Commerce and Industry. Finally, it looks at how a chamber of commerce and industry communicates its work—and thus also its representation of the overall interest—to the outside world.

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S. Bottler  
Redaktionsbüro für betriebswirtschaftliche Themen, Oberschleißheim, Germany  
e-mail: [BottlerOSH@t-online.de](mailto:BottlerOSH@t-online.de)

M. Hofmann  
Das Redaktionsbüro—Journalismus für den Mittelstand, Munich, Germany  
e-mail: [mail@das-redaktionsbuero.info](mailto:mail@das-redaktionsbuero.info)

G. Lüke (✉)  
Konturprogramm—Unternehmenskommunikation, Munich, Germany  
e-mail: [g.lueke@konturprogramm.de](mailto:g.lueke@konturprogramm.de)

E. Müller-Tauber  
Journalist, Sindelfingen, Germany  
e-mail: [e.mueller-tauber@web.de](mailto:e.mueller-tauber@web.de)

U. Pfaffenberger  
Journalist, Pfaffing, Germany  
e-mail: [upf@ulrich-pfaffenberger.com](mailto:upf@ulrich-pfaffenberger.com)

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- Interview with Peter Driessen and Peter Kammerer: General representation of interests—constructively striving for the greatest common denominator to safeguard economic success
- Opinion forming processes—constructively jostling for positions
  - Surveys and studies—creating a basis for the general representation of interests
  - Open CCI—generating new ideas and projects online with our members
- The origins underpinning the general representation of interests—preparing positions in the CCI committees and working groups
  - CCI Finance and Taxation Committee—acting in a corrective capacity for legislation
  - CCI Industry and Innovation Committee—setting the course for a modern industrial location
  - CCI Committee for Corporate Responsibility—setting an example together
  - CCI working group “Women in Business”—making the potential of female entrepreneurs visible
- Interview with Dr. Eberhard Sasse: Association of Bavarian Chambers of Commerce and Industry—bolstering credibility by embodying key values
- The tasks of the Association of German Chambers of Commerce and Industry
- In pursuit of overall interests in business and the economy using five examples
  - The integration of refugees—creating a secure environment
  - Digitisation—making companies fit for the digital future
  - Transport policy—taking a position in infrastructure development and delivering on tomorrow’s mobility needs
  - Tourism—expanding horizons and bundling interests
  - Legislative work—the general representation of interests with statutory knock-on effects
- Communication—strategically positioning the CCI.

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### **General Representation of Interests—Constructively Striving for the Greatest Common Denominator to Safeguard Economic Success**

*To represent the interests of the economy—for the CCI for Munich and Upper Bavaria—this legal mandate is the supporting pillar of its work. Both primary and honorary positions are discussed with politicians and administrators in order to create the best possible conditions for the economy. An interview with: Peter Driessen, until 2018 Chief Executive of the CCI for Munich and Upper Bavaria, and Peter Kammerer, Deputy Chief Executive of the CCI for Munich and Upper Bavaria.*



**Peter Driessen, Photo Credit: CCI for Munich and Upper Bavaria****Peter Kammerer, Photo Credit: Photo Credit: CCI for Munich and Upper Bavaria/Goran Gajanin\_Das Kraftbild**

**If one adds up your years of service to the overall representation of interests, between the two of you, you have been working for the interests of the economy for at least half a century. A quick conclusion to get the ball rolling—Are you satisfied with the results?**

*Driessen:* Yes, I am. Over the years we have achieved many useful results for companies and have been able to help shape the framework conditions in their interest. At the same time, a chamber of commerce and industry is always neutral in terms of party politics. That is our highest commandment. We are only committed to the cause of the economy. In addition—and this seems to me to be just as important—we have succeeded in ensuring that politics, administration or citizens' initiatives on the one hand and we—as the CCI—on the other have come to know and appreciate each other as competent, reliable, trustworthy partners and listen to each other intently. This is the best basis for finding effective solutions together, even in the case of conflicting opinions.

*Kammerer:* And last but not least, we have learned that some issues actually take decades and that we have to be patient until they turn from political vision into reality. Representing overall interests is not a short-term business, but often requires patience.

**How exactly do you determine the overall representation of interests?**

*Driessen:* The CCI for Munich and Upper Bavaria has 390,000 members—large and small companies across all industries. In our committees, each company has the same importance and only one vote. Just because a company is bigger, systemically more important, employs more staff, it does not automatically have more of a say. In practice, participation takes place when the companies work out, weigh up and adopt positions, political demands and proposals in the CCI committees, and these are then jointly carried into politics by both primary and honorary offices, respectively.

*Kammerer:* The overall representation of interests is also a mirror of our representative democracy. Our understanding of democracy is based on the fact that all Germans over the age of 18 elect representatives in parliaments, who then make political decisions and initiate developments on behalf of the voters: from municipal to federal to the European level. That is the same with a chamber of commerce and industry. The economy—i.e. all member companies—of a chamber district elect their representatives to the regional committees and the general assembly of the CCI according to democratic rules. These representatives then work together with the main office to promote the interests of the business community in the CCI district. However, their commitment also extends beyond the CCI district, as the regional CCIs join forces at the state and federal level and jointly seek an exchange with state and federal politics.

**The parliament of the economy!**

*Driessen:* Correct. A general assembly is elected and, because we have a very large CCI district here in Munich and Upper Bavaria, 19 regional committees are also elected. In the general assembly as well as in the regional committees, all branches of the chamber district must be represented—that is a requirement. The electoral procedure is complicated, but it ensures that the entire diversity of industries in our CCI district is represented.

*Kammerer:* Diversity is an important keyword: In our last election, many women ran for the first time and many were also elected, which means that currently 30 percent of those appointed to the general assembly are women. That corresponds to the proportion of women entrepreneurs in our CCI district. The members of the general assembly are also more diverse in age than before. The average age is currently 54 years, and in the last legislative period, it was 58 years. Of course, entrepreneurs with a migration background are also represented. So we not only reflect the diversity of industries, but also the entire entrepreneurial diversity of the chamber district. And we would like to become even more diverse in the future.

**The Federal Constitutional Court sees the overall representation of interests, even more so than the other pillars of the Chamber’s work, as a key legitimisation of compulsory membership?**

*Driessen:* I personally see it the same way. Because everyone becomes a member by law, they have to get something in return. The legislator has prescribed the overall representation of interests as one of these considerations. This is probably the most exclusive consideration that companies receive just from us for their membership. We stand for the fact that we actually identify, balance and represent the interests of all companies in the CCI district. Justified self-interests of individual companies do not prevail over the overall interest. We in Munich see the representation of overall interests as our first and foremost task—we have deliberately positioned ourselves as a very politically active chamber.

*Kammerer:* In trade associations, the companies that are larger and pay higher membership fees generally have more influence. They could threaten to resign if the association does not meet their own interests in its demands. That cannot happen with a chamber of commerce. We must always treat everyone equally. The fact that an individual company cannot build up pressure by threatening to leave also gives the CCI and its committees the greatest possible independence in its decisions and positioning.

**Does the fact that the CCI is a statutory institution and that there is a compulsory membership make the decisive difference? Does this mean that politicians listen more closely?**

*Kammerer:* If I compare the leading business organisations in Germany—the Confederation of the German Employers’ Associations (BDA), the Federation of German Industries (BDI), the Confederation of German Trade Unions (DGB), the Chambers of Trades and Crafts and the CCI organisation—with each other, the CCI organisation has become increasingly influential over the years. Of course, we have a state and federal umbrella organisation. The regional principle makes the difference, which means that we are present throughout the country. This also makes us capable of campaigning for goals that we want to achieve. We bring some serious weight into the game; nobody can get past the CCI organisation so easily.

*Driessen:* And exactly for this reason we also argue to those members who criticise the principle of statutory membership and the membership fee—if they pay a fee at all—that they should not see the CCI membership as a constraint but rather as a privilege and opportunity. They do not have to get involved with us, they have the right to do so, but not the obligation. If they exercise their right, however, they can help shape the economy, politics and society. And if they do not get involved, they profit from the commitment of others.

**As a rule, not all members actually get involved, but only a fraction. What kind of people are they? What is their motivation?**

*Driessen:* Most people get involved because they see commitment as a civic duty. They want to get involved in the political process, do something for the economy and thus also for the common good, so that they can also give something back of their entrepreneurial success. Very few get involved out of vanity or because they only want to represent their own interests—they know that this is not possible with us. Some are already active in local politics and expand their activities into the CCI. A commitment based on such motives also increases the credibility of the CCI organisation.

*Kammerer:* You also get a lot in return. The CCI organisation is a platform that facilitates a process of exchange and networking, it allows you to look beyond the horizon of your own business. In other words, it helps—which also corresponds to the thesis of this book—to share and develop practical knowledge and, at the same time, to help shape the political framework and not to leave this to others.

**Before you can go into politics with political positions, you must first find these positions. Who is actually bringing the issues into the discussion?**

*Kammerer:* Primary and honorary positions. Both primary and honorary positions are close to the issues and call for discussion and positioning.

**So how does the opinion-forming process work in practice? In view of the diversity of the companies, surely you also encounter a variety of diverging interests?**

*Driessen:* Oh yes. And we must never be simply satisfied with lazy compromise, a consensus for the sake of consensus or for the lowest common denominator. We need the greatest common multiple. And that means that we have to argue, that we have to weigh up interests that we have to argue constructively.

**That sounds like hard work...**

*Driessen:* It is, but that is an essential core part of the CCI work. It takes place most intensively in the technical committees and working groups. This is where the companies meet and prepare their positions with the primary office, which are then discussed and adopted later in the general assembly. This is an extremely exciting process: which of the committee members position themselves how, with which arguments and how can the arguments be weighted? After all, a position must take many views into consideration in accordance with its claim to achieve the overall representation of interests: It is necessary to weigh up the interests of the industry; The interests of one industry must not outweigh those of the other industries. Nor must the interests of large companies override the needs of smaller companies, just as conversely the interests of smaller companies must not be allowed to thwart those of larger companies.

**This requires a good culture of discussion?**

*Driessen:* Absolutely. The desire to engage in constructive debate is absolutely essential. This requires a high level of abstraction—away from one’s own company and towards the entirety of all companies. The parties involved must be able to obtain the right information, accept the opinion of others and let them stand, but they must also be able to include and develop the other position and relativise their own position. In terms of expertise, we also repeatedly bring scientific expertise on board and work together with research institutes and external experts.

*Kammerer:* So we need entrepreneurs who are willing to enter into conflict, in a positive sense and for the sake of the cause, who do not duck away and who are willing to go into confrontation, both within the committees, but also in the direct confrontation with politics and civil society. The processes of opinion-forming must be absolutely transparent. This is also how trust is created.

**Does it happen that you do not find the greatest common multiple that everyone can accept?**

*Kammerer:* Yes, that does happen. And that is not a problem. This is then exactly what the position says. The majority has agreed on this position, a minority takes a different position. We are also obliged to name considerable minority positions. Primary and honorary positions do not try to shoe horn the parties into a compromise.

**At the same time, the chambers of commerce and industry also implement public tasks assigned by the state? Does this restrict the freedom of opinion-forming? Do conflicts of interest arise here too?**

*Kammerer:* No, that can be clearly separated. The sovereign tasks assigned to us are subject to legal supervision, and their implementation has no influence on our economic policy positions.

**Yet you are not allowed to comment on individual issues?**

*Driessen:* Correct, the legislator has limited the overall representation of interests to economic issues. We are not allowed to comment on social policy. This was confirmed once again by the Federal Constitutional Court. I am annoyed by this, even though we naturally adhere to the jurisdiction’s guidelines. But social and economic policy cannot always be clearly separated.

**Sometimes you have to react very quickly because the legislator demands that a draft law be examined within a very short time. How do you proceed then?**

*Kammerer:* Usually we can estimate when such a situation will arise. After all, laws do not come out of nowhere. This means that the primary office has already spoken to the companies in the committees and working groups beforehand. There may not yet be a position, but there is a trend in opinion, so that the primary office can then draft the assessment. We also have regulatory guidelines adopted again by each general assembly after the election. These provide the framework, so that the primary office, if time is very tight, can orientate itself accordingly and issue a statement which, even without prior explicit discussion with the honorary office, is still characterised by the necessary legitimacy.

**And ultimately you also present your positions to politics and administration?**

*Driessen:* Together with the honorary office. In recent years, we have had strong, very political presidents and vice-presidents who have entered into the discourse with us. Here, too, we need a good culture of debate. Strong-willed yet friendly in tone, constructive and striving to find a common language. To emphasise what matters: it's not about confrontation at any price, but about finding common solutions in the interest of the economy. We want to build bridges, not tear them down. However, we usually get involved when we see the interests of the business community at risk. In this respect, there is no getting around the dispute.

**After all, there are many different political personalities, not everyone is likeable on a personal level? How does discourse succeed nevertheless?**

*Kammerer:* We and the representatives of the honorary office do not take personal likeability into account. It is, of course, easier if we like a politician, but that's the point. We would have the wrong job if we let ourselves be guided by personal sensitivities.

*Driessen:* A personal way in, on the other hand, can help. Often personal connections arise during the preparation or even in the discussions themselves. Politicians are musicians, sportsmen, parents—through this another level is created in the conversations that can open doors. People who have things in common speak to each other differently.

**On which functional levels do you talk to politicians?**

*Driessen:* On all levels—from the working level to the minister, from the municipality to the European level. We here in Munich quite deliberately take our positions into federal and sometimes even European politics. As a rule, we do this through the Association of Bavarian Chambers of Commerce and Industry and the Association of German Chambers of Commerce and Industry.

**Over the years, this has certainly created a large personal network that is helpful?**

*Driessen:* Yes, if you spend a long and intense time on the road in politics, you have to be well connected. This means it is then also possible to get a telephone appointment with a mayor, state secretary or minister at short notice. And politicians do the same—that has always been our goal—in reverse. They also call us spontaneously.

**In what formats do you become politically active?**

*Driessen:* From confidential background talks to public discussions and open letters in the press.

*Kammerer:* There are always situations in which we speak behind closed doors and contribute our assessments. Here, the networks and the trust we have built up beforehand are decisive factors. If we are successful with confidential discussions, we must not, of course, in retrospect publicly announce the result as our success. But we are happy to make this deal in the interest of the economy. The decisive factor is that we were able to exert our influence.

**Politics is one level, and ever more citizens' initiatives and non-governmental organisations are also bringing their weight to bear in the economic policy debate. Do you also have this on your radar, so to speak?**

*Driessen:* Absolutely. We enter into discourse with them just as we do with politics, in all formats, both personally and publicly. Just as we do not see the economy as an opponent of politics, we do not see it as an opponent of the citizens—quite to the contrary. The bottom line is that everyone benefits from good solutions.

**What are you particularly proud of? Where has the CCI achieved a lot for Munich and Upper Bavaria?**

*Driessen:* I am proud that politics and civic society listen to us and see us as partners, that a constructive, trustworthy and yet incorruptible working level has been created, and that the politicians call us once in a while on their own initiative. In terms of content, there is indeed a whole series of successes: We have fought for greater emphasis to be placed on rescuing and restructuring companies in insolvency law, we have fought for the security of supply with electricity lines from northern to southern Germany after the energy transition, and we have ensured that young refugees have a secure place to stay during their training and two years afterwards with the 3 + 2 rule.

*Kammerer:* I would like to add a current success. The new law on the immigration of skilled workers is also the result of a study carried out by the Munich Chamber of Commerce and Industry in cooperation with the renowned Munich Ifo Institute for Economic Research. It also provides for the option of people coming to Germany to look for a job. That is a novelty. However, this law on the immigration of skilled workers also shows that we often have to dig pretty deep when it comes to the overall representation of interests. We have been discussing immigration with politicians for almost 20 years.

**Does that mean you've failed, too?**

*Kammerer:* Sure, we have not always got as far as we and our members would have liked...

*Driessen:* One of our presidents always said that if a politician throws you out in front, you go back in through the back door. None of us can claim that everything always succeeds immediately and completely. It is only important that we do not give up and that we make several attempts.

**On some issues, stakeholders at Bavarian state or federal level have to get on board—you mentioned that. How must the reader imagine the process of the opinion and consensus formation with Association of Bavarian Chambers of Commerce and Industry and DCCI?**

*Driessen:* Those are similar processes to those at the regional level, here then the Chief Executives and Presidents of the individual CCIs sit together and try to agree on the largest common multiple.

**A final aspect of interest representation is to enter into a discourse with the members, above all to constantly renew the foundations of entrepreneurial work in the spirit of the honourable merchant. How much may the CCI organisation demand from its members? How much may—or must—the honourable merchant demand from companies?**

*Driessen:* It is our legal mandate to work for the honourable merchant's decency. I like to translate the concept of the honourable merchant with the golden rule: What you do not want to be done to you, do not do to anyone else. This also means that we, as a primary office, are obliged to approach members who violate the rules of the mission statement. We have to address misconduct, even unpleasant things. This is part of self-governance, just like the representation of interests: We regulate our affairs among ourselves, and for this we need a source of orientation—that is the honourable merchant. This also makes us credible to the outside world in the discussion. If necessary, we may also have to withdraw a trade or training licence, which we are allowed to do at our discretion.

*Kammerer:* We say this with a wink and yet with a serious undertone: We represent the good guys. And in order for us to remain the good guys, we have to keep reminding ourselves of the honourable merchant, live by his values and demand the same from our Members. The latter can, but does not have to happen publicly.

**Does the overall representation of interests create a special mindset among the entrepreneurs and thus a special willingness to get involved for the common good as a whole?**

*Kammerer:* Absolutely. Entrepreneurs who are involved in the CCI are (or become) more political and think more politically. They get involved with us because they want to exert influence—and often because they want to do so in an independent institution and not through a political party. We know many who are involved beyond the CCI. In this respect: Yes, a commitment to the CCI requires (or promotes) a certain mindset and allows companies to act in the interest of the economy and the common good.

**Apart from a few crises, the economic success of Germany as a business location has continued in principle since the 1950s. Does this also have to do with the intelligent representation of interests through the CCI organisation?**

*Driessen und Kammerer:* The overall representation of interests by the CCI organisation cannot bypass the economy—the economy itself knows exactly what it needs. In addition, we support the economy by efficiently carrying out tasks assigned by the state, by providing tailor-made services, we stand for the strong dual system of vocational training, and with our chambers of commerce abroad we are the gateway to the world. The CCI organisation is clearly a pillar of the location and a part of its success.



**And a model for other countries?**

Driessen and Kammerer: Absolutely. It needs the appropriate structures and, above all, people who are passionately and enthusiastically committed to the cause of business and thus to the common good in their primary and honorary office positions.

**Mr. Driessen, Mr. Kammerer, thank you very much for the interview.**

**Box: Principles of Political Consulting for the CCI for Munich and Upper Bavaria**

- **Overall interest:** The Chamber of Commerce and Industry for Munich and Upper Bavaria speaks for around 390,000 member companies of all sizes and from all sectors: from small family businesses to owner-managed medium-sized companies and global corporations. Due to its legal membership, the CCI is not dependent on individual companies or particular opinions, but represents the overall interest of the commercial economy in Munich and Upper Bavaria.
- **Economic relevance:** One of the central tasks of the CCI is to represent the overall interests of its member companies in a responsible manner. Among other things, the CCI provides fact-based advice to decision-makers in politics and administration on business-related issues through position papers, statements and studies.
- **Democratic legitimization:** In order to be able to articulate the overall interest, the positions of the CCI are advised by various cross-sectoral bodies and committees consisting of entrepreneurs who are engaged in honorary activities. In the course of these legitimization processes, regional and industry-specific interests are weighed against each other and relevant minority opinions are identified.
- **Party-political neutrality:** The Chamber of Commerce and Industry for Munich and Upper Bavaria acts in a neutral manner from a party-political standpoint. It does not support any party through donations, memberships or other financial and/or intangible contributions.

**Opinion Forming Processes—Constructively Jostling for Positions**

*The most important basis for opinion formation in a chamber of commerce and industry is voluntary work. At the same time, the CCIs complement the process with studies or open innovation procedures.*

How does a CCI find the position that it can then also represent to politics and administration? Behind this lies a complex process with many different stakeholders. The expert committees, working groups and regional committees play a special role. These are close to the issues and well informed about the needs of the local economy. In this way, they provide the most important impulses for the positions. In their meetings, they work hard to find the greatest common multiple, receive the support of the primary office and then bring their proposals to the general assembly for discussion and decision-making, so that the assembly can then decide on them. However, at the same time, the chamber of commerce and industry also conducts surveys and studies to know what its members think—or it uses digital platforms to remain very close to its members, such as open innovation processes. Two case studies from the CCI for Munich and Upper Bavaria show how these studies, surveys and open innovation help to determine overall interest.

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### **Case Study 1: Surveys and Studies—Creating a Basis for the General Representation of Interests**

According to a much-quoted sentence of the sociologist Max Weber, politics is like “drilling thick planks”. With convincing survey results that underline your own arguments, drilling is easier and quicker... Surveys and studies are, therefore, indispensable instruments for the overall representation of the interests by the chambers of commerce and industry. With valid data provided by the member companies themselves, important economic policy demands and statements on laws can be credibly and comprehensibly substantiated. Since a chamber of commerce and industry can draw on a very broad spectrum of companies as a result of compulsory membership, a very representative opinion is also created.

The Chamber of Commerce and Industry for Munich and Upper Bavaria also wants to know what its members think, what challenges they face and how they assess future developments before entering into political discussions with governments and authorities, before making proposals or making demands. For this reason, it regularly surveys its companies on their economic situation and numerous current issues and bases its arguments on this information. The results of the surveys are then fed into many discussions, meetings and conferences with politicians and other stakeholders and can also be used for public relations work. Of course, the CCI also keeps an eye on the burdens that companies face. The surveys are coordinated and only conducted when additional information is needed.

However, the Munich Chamber of Commerce and Industry, like every chamber, does not usually carry out the surveys solely and exclusively for its own chamber district, but usually in conjunction with the other chambers of commerce and industry in the respective federal state and/or in Germany. An overview.

## **Regular Business Surveys on the Business Situation of Its Members**

The best known are the business surveys, which each CCI conducts together with the CCI umbrella organisation, the Association of German Chambers of Commerce and Industry, three times a year at the beginning of the year, in early summer and in autumn. The nationwide presence of the CCIs pays off here. In contrast to other economic surveys, each CCI surveys its region, the DCCI then prepares the data for the whole of Germany, thus creating a particularly precise picture of the mood of the German economy. Up to 24,000 companies are surveyed throughout Germany, other business surveys are based on well under 10,000 companies. At the same time, the CCIs can carry out special evaluations for industry, wholesale and retail trade, services and construction on the basis of their data. Analyses are even possible for regional economic areas. In addition, they always pose additional questions on current issues.

## **Company Barometer on Current Topics**

At the same time, the DCCI, with the support of many CCIs, regularly surveys its volunteer members on current topics in the so-called “company barometer”. During the last few years, the integration of foreign employees, digitalisation, health care, company succession or the German federal elections in 2017 were among the topics covered by the company barometer. Such surveys are conducted on a case-by-case basis and usually involve ongoing political discussions. Some topics, such as corporate succession, are regularly resumed every few years. Many chambers of commerce and industry can draw on a panel of several hundred entrepreneurs. For example, the Munich Chamber of Commerce and Industry (CCI Munich) surveys up to 600 executives. Here, too, there are regional as well as nationwide evaluations.

## **Training Surveys**

The CCIs are comprehensively responsible for in-company training. That is why the DCCI and many CCIs regularly survey member companies on the current training situation. These surveys take place throughout the year. In the spring, the DCCI launches a nationwide survey, and in the autumn (at the beginning of the training year), the Association of Bavarian Chambers of Commerce and Industry follows up with a Bavaria-wide survey. The results of these surveys are also evaluated regionally. In addition to the question of how many training places can actually be filled and how many trainees are missing, training surveys also identify new demands on the qualifications and personal suitability of school leavers for training. Surveys of this kind underpin the Chambers’ demands on policy-makers to

develop or support strategies to counter the shortage of skilled labour or provide their member companies with valuable information on how they can retain young people with attractive training in the long term.

### **Individual Surveys on Specific Challenges**

Most CCIs also carry out individual chamber district-related location surveys. They usually take place at intervals of several years. In recent years, the Munich Chamber of Commerce and Industry (CCI Munich) has included transport infrastructure, the availability of labour, low-bureaucracy administration, energy supply, the availability of commercial space, land prices and other structural topics that provide information about the quality of a business location on its survey list. With these surveys, the CCI wants to be able to track down long-term changes in the location at an early stage and sound the alarm immediately if any serious deterioration becomes apparent. This is why it also surveys far more companies than straightforward economic surveys. Several thousand members take part in the location surveys of the CCI Munich. The results can even be broken down to individual districts and larger communities.

### **Further Studies and Surveys on Relevant Topics of the Overall Representation of Interests**

Otherwise, the CCI Munich starts its own studies and surveys whenever it needs additional information for its work, or if existing studies provide no (or otherwise only incomplete) answers. In recent years, for example, it has asked member companies about broadband expansion or sustainable business management or examined the potential and role of women entrepreneurs for Upper Bavaria as a business location.

### **Cooperation with the Renowned IFO Institute—Conducting Exclusive Research**

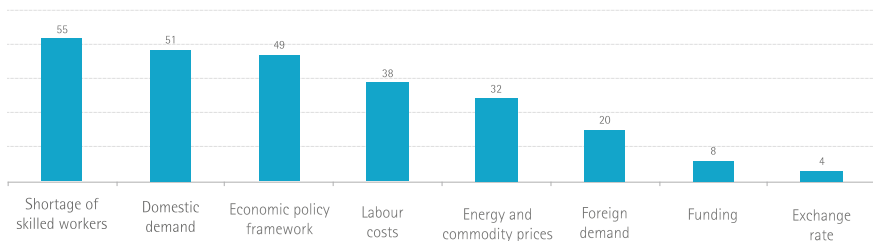
Furthermore, the Munich Chamber of Commerce and Industry does not rely solely on its own expertise but seeks cooperation with external brain trusts. For example, it cooperates with the renowned Munich IFO Institute for Economic Research. On behalf of the CCI, the scientists have recently drawn up an immigration concept for Germany in a study. The focus was on the question of how the German economy can solve the shortage of skilled workers with qualified immigrants and what Germany should learn from classic immigration countries such as Australia, Canada and New Zealand. What was special about this concept was that it also provided for potential immigration: This meant that interested third-country nationals could come to Germany without an existing employment contract and look for work locally. This idea was also incorporated into the new German law on the

immigration of skilled workers. Other studies have dealt with the digitalisation of the world of work, the effects of a digital tax and the freedom to provide services in the European internal market.

**Box: Business Survey—Knowing the Exact Business Situation of Companies**

For their business surveys, which are coordinated by the umbrella organisation DCCI, the CCIs use a panel of registered companies, which is renewed every two to three years and provides a representative picture of all sectors and company sizes. Each survey is based on roughly half a dozen recurring standard questions on the current business situation and future business expectations. The companies provide information on the risks they see for the next twelve months, how their exports and employment figures will develop over the same period and for what reasons they are planning investments. This results in a time series that, based on questions that are always the same, provides a good picture of the changes in mood.

There are also additional questions on topics that vary from survey to survey and that address current economic policy developments and risks. The focus is on cyclically relevant topics such as financing conditions, the growing shortage of skilled workers or the effects of Brexit or simmering trade conflicts. In this way, CCIs and the DCCI are informed promptly about how new or altered framework conditions affect economic development. In addition, the individual CCIs can incorporate special nuances in their surveys. The nine Chambers of Commerce and Industry of the Association of Bavarian Chambers of Commerce and Industry, which together survey more than 3,800 companies, make regular joint use of this opportunity and, on the basis of their evaluations, have repeatedly formulated demands to be placed on the labour market or energy policy-makers in the federal government and the Free State—such as securing skilled labour or a safeguarding existing energy supply. (Look at Fig. 7.1.)



*Multiple mentions possible, in %, autumn 2019 | Source: Bavarian Chambers of Commerce and Industry*

**Fig. 7.1** The regular surveys of the CCI also show what Bavarian companies see as the greatest risks to their growth in the coming 12 months—here are their answers from autumn 2019

## Case Study 2: Open CCI—Generating New Ideas and Projects Online with Our Members

Internet platforms have become indispensable in the modern economy. They connect market players with each other and create networks that generate a wide range of benefits. Companies use them to market their products and services, recruit new employees, communicate with their suppliers or service providers, train their employees or generate new ideas. This is why the Chamber of Commerce and Industry for Munich and Upper Bavaria decided to strengthen its service and representation of interests with an open innovation platform. With Open CCI (in German: “Open IHK”), it now has a digital forum where member companies and employees can meet and exchange ideas. In this way, they are jointly developing an institution with a history of more than 175 years into a modern organisation that successfully uses the diverse opportunities offered by digitisation to mutual advantage.

The initiative for Open CCI came from CCI employees. Since 2014, they have been committed to Internet-based innovation management. In this way, they want to strengthen the internal organisation, facilitate cross-divisional projects, exchange and build up know-how and generate further attractive services for member companies. Open CCI adheres to the old experience that innovative solutions are more likely to emerge when many different minds bring together their different ideas, perspectives and experiences. With such an innovation platform, however, the CCI also has an additional channel through which the diverse opinions of member companies on business-related issues can be investigated and discussed, which can then be incorporated into political positioning and the representation of interests.

After the trial phase was successfully completed, the platform was opened to external participants in 2016. Since then, every member company and its employees are invited to contribute their expertise and experience. Specialist experts and citizens interested in economic issues can also participate once they have registered.

- **Pilot project “Women entrepreneurs in demand”:** “Women entrepreneurs in demand” was launched as a pilot project in December 2016. In Munich and Upper Bavaria, women run one in three companies or are involved in their management. The CCI invited this target group to formulate their wishes and ideas for better support in everyday entrepreneurial life. The numerous discussion contributions on Open CCI made clear that female entrepreneurs above all note the importance of digitisation and networking as permanent topics. The CCI thereupon channelled the focus of its Female Entrepreneur Day in the two following years to the key service point of digitisation and went on to develop special booklets on the topic to supplement the CCI magazine. This focused on the digitisation successes of women and the new digital working world. Last but not least, the pilot project via Open CCI looked for model female entrepreneurs. More than 30 women applied, and twelve were selected and presented at the Female Entrepreneur Day in the CCI magazine and the CCI newspaper.

- **Service improvement in start-up consulting:** Even when the start-up experts questioned their service, they looked for new ideas for this in the Open CCI. A wealth of suggestions were received. The spectrum ranged from simplified appointment arrangements and mentoring programmes for founders to the reduction of bureaucratic hurdles for the digital trade licence. The CCI Start-up Expo project also stems from this initiative: At recognised industry events and conferences, the CCI presents start-ups and their business concepts on an open stage and offers them stand space for networking.
- **Consolidation of the “Pack ma’s” digital initiative:** In addition, the CCI initiative “Pack ma’s digital” (“Let’s be digitally successful!”), which provides extensive support to small- and medium-sized companies on their way to digitalisation, used the open innovation platform. Sound examples of digitisation were sought. Around 40 companies entered the competition, from which a jury selected the ten best. The criteria were the transferability and scalability of the offer, the usability for small- and medium-sized companies and the degree of innovation. Short videos were shot with the top 10 companies and their examples, before being presented in the CCI magazine, the CCI newspaper and at the CCI event entitled “Together into the digital future”. The campaign was so successful that it went straight into the next round.
- **Open CCI in the service of the overall representation of interests on the topic of environmental and climate protection:** When the environmental protection experts of the Chamber Of Commerce and Industry prepared a position paper on environmental and climate protection for the Association of Bavarian Chambers of Commerce and Industry, they called upon companies to communicate their particular concerns on this topic on the innovation platform and to state their importance in a ranking process. The feedback from many companies was characterised by profound knowledge and thus made an important contribution to the opinion formation of the Chamber of Commerce and Industry. Among other things, the companies asked the CCI to advocate for less bureaucracy and more transparent rules in environmental protection, as well as for individual responsibility to be rewarded and for audit systems to be more accessible to smaller companies.
- **Open CCI in the service of the overall representation of interests “Cross-border services”:** Many companies that offer their services abroad are hindered by national regulations and laws. At Open CCI 2018, they were able to describe their experiences in detail. With the responses of its members, the CCI can now represent their interests even more effectively, make any recurring problems the subject of events and public relations work and inform the Chambers of Commerce Abroad (AHK) about their needs. At the same time, if questions pertaining to the European Single Market are involved, the CCI can intervene with the EU authorities in Brussels together with the Association of German Chambers of Commerce and Industry on the basis of the answers provided.

## For Its Own Benefit

Last but not least, the CCI also uses the platform for internal topics. When it celebrated its 175th birthday in 2018, CCI employees used the platform to gather ideas on how this anniversary could be arranged with an attractive employee party. A lot of suggestions were received for the venue, supporting programme and food. The event then took place in the proposed “Werk 3” location, a stronghold for start-ups and young companies in the east of Munich. The topic islands, where employees could jot down their wishes for the CCI, for example, were also based on an Open CCI proposal.

All this makes it clear that an institution founded in 1843 has remained young in the twenty-first century and will continue to generate numerous ideas and innovations in the years to come.

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## The Origins Underpinning the General Representation of Interests—Preparing Positions in the CCI Committees and Working Groups

*They contribute their expertise, work hard to find positions which they then present to the general assembly for discussion and decision-making—and are thus the nucleus of the overall representation of interests: the CCI expert committees and working groups.*

There are a total of 13 specialist committees and six working groups in the CCI for Munich and Upper Bavaria. In other CCIs there is a similar number. They have an advisory function for the CCI general assembly. Therein, the positions are worked out, which are then supported in politics, administration and the public after consultation with (and the decision of) the general assembly. The special thing about the committees and working groups is that they not only bring together particularly committed members of the CCI and other experts, but also a huge amount of know-how. Above all, it is also the committees, in which, in addition to the main office, the knowledge of a chamber of commerce and industry is shared and expanded. The committees are decided by the CCI general assembly, while the working groups can also be formed independently. This is shown by four examples. At the same time, their contribution to the overall representation of interests will be explained.



## **Case Study 1: CCI Finance and Taxation Committee—Acting in a Corrective Capacity for Legislation**

The Finance and Taxation Committee of the Chamber of Commerce and Industry for Munich and Upper Bavaria sees itself as a powerful mouthpiece for local companies. “We want to help shape laws, regulations and procedures in such a way that they promote the companies at our location”, emphasises Holger Engelke, Head of Tax at Munich Re. He chairs the Finance and Taxation Committee. It is important to speak with one voice. That is why the committee tries to pool the voices across sectors and company sizes. “That is why we exchange ideas and discuss intensively until all members can agree on a specific line”, Engelke says as he describes his committee work. But it was not only the interest group that persuaded him to take on this honorary position. “In view of my extremely positive experience with the Chamber of Commerce and Industry and my professional success, I wanted to return the favour—and contribute to the further development of our economy.”

### **35 Tax Experts Around One Table**

Together with the Finance and Taxation Committee, which includes 35 tax executives and tax advisers from member companies, the primary office CCI experts prepare position papers, often based on surveys, expert opinions and studies. In these, they assess tax policy projects at all political levels and make recommendations on how to improve them. They disseminate these positions not only through all communication channels, but also by participating in working groups and committees and by maintaining contacts and networks with political and official decision-makers.

### **Corrector and Initiator in One**

It’s worth it. That is because the work of the committee often brings success. For example, the Committee has taken major steps forward on the issues of “cooperation rather than confrontation in tax law” and modern tax procedures. And, in the case of inheritance tax, it has also been able to work with other organisations and associations to prevent the original plans that threatened succession from being realised (see also the chapter on legislative initiatives in this chapter). On the one hand, the Committee sees itself as a corrective force to all proposals in the financial and tax fields. For this reason, the members of the committee see it as a particularly important task to point out to politicians and authorities what consequences planned rules would have for companies and the region. On the other hand, the Committee also addresses the very problems that are causing companies a great deal of headaches and develops forward-looking solutions.

## **Adviser to the General Assembly**

To help them form an opinion, Committee members often receive more than 50 current draft laws and other proposed amendments to laws every year. At the regular meetings, the members debate until a position emerges. However, the members do not only see positioning as an important activity, but also advising the CCI general assembly. The Committee advises them and makes recommendations. In addition, the Committee's position is incorporated into statements of the CCI for Munich and Upper Bavaria, the Association of Bavarian Chambers of Commerce and Industry in Munich and the umbrella organisation, the Association of German Chambers of Commerce and Industry in Berlin. Engelke sums up, "Above all, we see ourselves as a network that serves to convey information, form opinions, represent interests and communicate, but also to exchange experiences".

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## **Case Study 2: CCI Industry and Innovation Committee— Setting the Course for a Modern Industrial Location**

There are probably few regions in Europe with such a diverse industrial landscape as Bavaria. It is home to companies from almost all major manufacturing sectors: automotive, construction, biotechnology, chemicals, printing, electronics, energy, IT, plastics, food, aerospace, mechanical and plant engineering, metal, paper, pharmaceuticals, steel and textiles. In almost every branch of industry, there are not only global players who move about in all important international markets. At the same time, the location is characterised by numerous small- and medium-sized manufacturers who supply national and international groups as suppliers or who have developed promising niche markets as hidden champions.

## **Cross-Section of Bavarian Industry**

Despite this level of diversity, Bavarian industrial companies have numerous common interests. The Industry and/or Innovation Committees of the Chambers of Commerce and Industry are responsible for bundling and articulating these interests. The CCI Munich also has such a committee. The Committee has almost 40 members. Many work in mechanical and plant engineering, others are active in the automotive, construction, chemical, electrical engineering, IT, food, aviation, microelectronics and optical industries. "The Committee members represent a strong cross-section of Upper Bavarian industry", emphasises Herbert Klein, Chairman of the Committee and Manager of Agfa Healthcare Imaging in Peiting. "With this composition we are able to comprehensively represent the needs and concerns of Upper Bavarian industry."

## **Democratic Opinion-Making**

To this end, the members engage in detailed, sometimes controversial discussions, involve experts from politics, business, science and administration and finally agree on common positions and draft position papers. Once the general assembly has decided on and confirmed the papers, the CCI can use them as a basis for convincingly and democratically legitimising the interests of industry vis-à-vis politicians and the public. For Herbert Klein, position papers act, above all, as signposts for governments and administrations. “The first addressee is always the Bavarian state government”, he says. “In our papers, we call on them to implement the key points of the papers—insofar as this falls within their sphere of responsibility—in Bavaria and to represent them proactively at a federal and European level.”

The Committee can be confident that its positions will be well received. “Our papers have a very good reputation for their sound content.”

## **Start-Up Financing as an Important Concern**

Over the last few years, the Industry Committee has dealt with very different issues. One of its main concerns was the financing of technology-oriented start-ups. In a 20-page position paper, the Committee criticises the fact that Germany has a comparatively weakly developed venture capital market. This makes it much more difficult for ambitious young German entrepreneurs to finance their start-ups than their international competitors. Therefore, the Munich Industry Committee made 14 demands. Among other things, it called for additional tax incentives and regulatory relief. It should be possible to write off losses more quickly, and VAT on administrative services for venture capital funds should be abolished. Many EU countries have long since abandoned such taxes. The Committee also urged for creating better opportunities for institutional investors—such as insurance companies or pension funds—to participate more easily in interesting start-ups. And, last but not least, the Committee demanded better access to technology funding for start-ups. It also saw the new financing form of crowdfunding as a promising instrument for innovative start-ups. “The public sector must support campaigns for crowdfunding with advice, follow-up funding and public subsidies”, recommends Klein.

## **Topics of the Future**

There is no shortage of topics for the coming years either. The Committee is currently working intensively on the tasks of a future-oriented industrial policy that takes account of the many and varied demands that manufacturing companies have to face today: Beyond the digital dawn of the industrial 4.0 age, these companies must press ahead with research and development, make production as environmentally friendly and sustainable as possible and counter the growing shortage of skilled workers with a wide range of training and further education strategies. The

Committee and the Chamber of Commerce and Industry are therefore calling for framework conditions that ensure competition and develop growth forces—including the following:

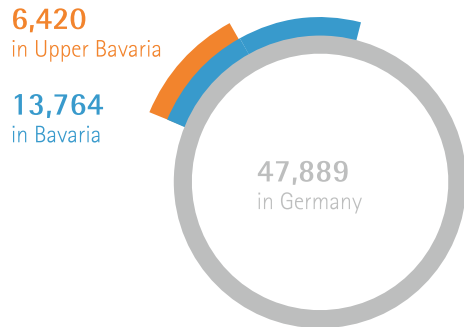
- **National Agency for Springboard Innovations:** The Committee advocated the establishment of a National Agency for Springboard Innovations, which would prepare companies with concrete projects for the disruptive changes in their products, services and markets and support them in developing new business concepts. If Germany wanted to play on an equal footing with world-leading innovation strongholds such as Silicon Valley in the development of ground-breaking, cross-cutting technologies such as electromobility and quantum computing, the Committee found that the country could not rely on conventional technology funding programmes. Other CCIs and the DCCI also spoke out in favour of such a service agency. The initiative was successful and in mid-August 2018, the German government decided to establish an agency for springboard innovations.
- **No machine and robot tax:** The CCI Industry Committee vehemently rejects the introduction of a machine and robot tax, which is repeatedly discussed in the media, even by managers of large corporations. According to the Committee members, such a tax would inhibit digital innovations and intelligent technologies.
- **Tax incentives for research:** A perennial topic at Committee meetings is tax incentives for research and development (R&D) in industrial companies. Germany lags behind other EU and OECD countries in this respect. Many regulations are complicated and require a great deal of bureaucracy. The CCI Industry Committee recommends alternatives. For example, it suggests flat-rate tax credits that could supplement existing project funding and motivate small- and medium-sized enterprises in particular to invest more in research and development.

## Enthusiastic Volunteer Work

All members carry out the committee work on a voluntary basis. Klein explains, “We are all busy entrepreneurs and yet we are happy to take the time for the Committee: It is a stimulating exchange, a good network—and at the same time we can contribute to the industrial policy discussion with our position papers, set priorities and stimulate developments”. (Look at Fig. 7.2.) He is delighted by this, “When demands prevail—like the National Agency for Springboard Innovations—this motivates us and gives us all the assurance we need to uphold and reinforce our commitment. Even more important, however, is that the introduction of tax-based R&D funding agreed under the coalition is finally being implemented”.

**Fig. 7.2** Innovative companies: Upper Bavarian companies come out on top in patent applications and publications in Germany

### Patent Publications 2017

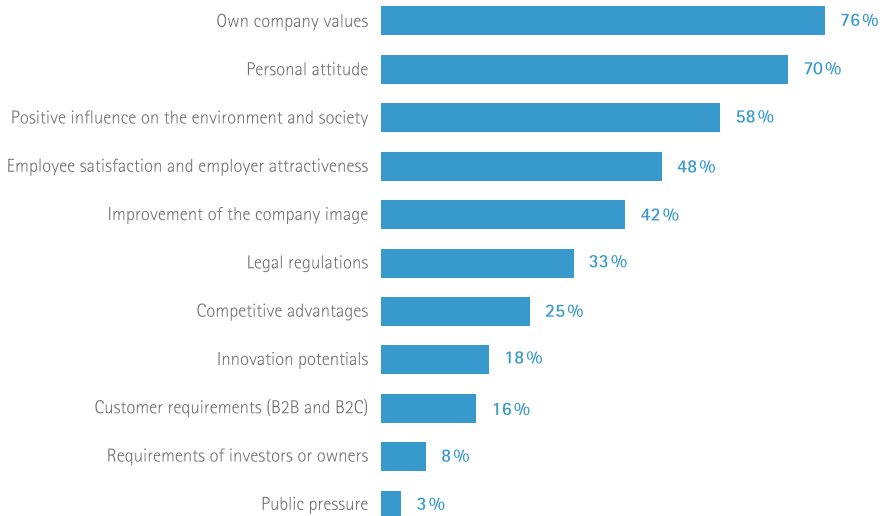


Source: EPA and DPMA / CCI for Munich and Upper Bavaria

### Case Study 3: CCI Committee for Corporate Responsibility —Setting An Example Together

When Sabine Braun, Managing Director of *akzente kommunikation und beratung gmbh* in Munich, was asked whether she would join the CCI Committee for Corporate Responsibility, she did not hesitate and agreed immediately. Commitment to society—that is essentially a big part of her life and business concept. In the case of the Corporate Responsibility Committee, she added that it is committed to her core topic of sustainability and fairness in business life. “I am convinced that an economy can only grow successfully in an intact environment and a fair society”, emphasises Braun. “In view of the challenges posed by climate change, poverty or migration, it is also very important to me personally to introduce this topic with ever greater frequency into companies, politics and society.” If a chamber of commerce and industry and one as large as the Munich Chamber of Commerce and Industry takes up the topic and spreads the word, a great multiplication effect could be achieved. “This is a real opportunity, so I am more than happy to work on a voluntary basis and give my time and energy to the Committee.” She adds, “Especially as we, Committee members, also get a lot back both personally and for our companies: We exchange knowledge, network with each other, come up with new ideas together and can also get the frustration off our chest when faced with so many unsustainable developments in the world...” (Look at Fig. 7.3.)

In December 2017, the general assembly of the Chamber of Commerce and Industry for Munich and Upper Bavaria initially decided on a working group on corporate responsibility, which began work in June 2018 and was quickly upgraded to a committee in November 2018. Its members are comprised of around 40 large and small companies from various industries in Upper Bavaria, which have already substantially integrated the topic of corporate responsibility into their corporate strategy.



*Multiple mentions possible | Source: Bavarian Chambers of Commerce and Industry, 2018*

**Fig. 7.3** Corporate values and personal attitude are the most important reasons for Bavarian companies to engage in sustainable management

## The Committee Has Formulated This Self-image

“The Corporate Responsibility Committee aims to strengthen sustainability as a model of sustainable development, contribute to the implementation of the UN Agenda 2030 in the region and give responsible business a voice in the political and social debate.” It thus supports the mission of the Chamber of Commerce and Industry for Munich and Upper Bavaria—representing the overall interest, organising business itself, promoting companies—and contributes to the implementation of the Chamber’s brand identity “*Together we take responsibility*”.

**And it is these individual objectives that the Committee is pursuing:**

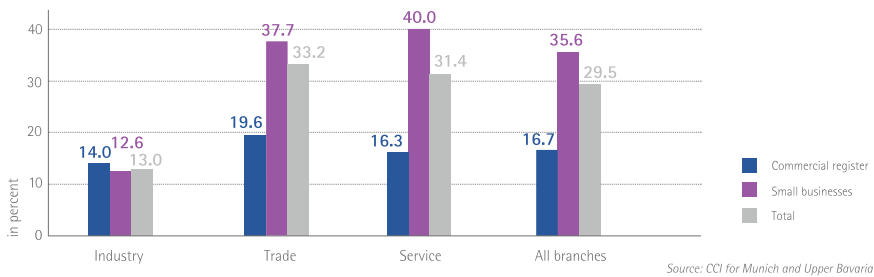
- To help shape the political framework, develop common positions
- Agenda setting—picking up and discussing new developments in the field of “Responsible business”
- Support the networking of committed companies
- Strengthen the image of entrepreneurship in the public eye—making the existing commitment of companies visible
- Establish an exchange with non-governmental organisations and promote an understanding of the economy

- Continue to publicise the CCI’s commitment to the topic of corporate responsibility
- Motivate entrepreneurs to systematically anchor responsibility in their respective companies

Sabine Braun, who was finally elected as deputy chairwoman, wants to work primarily towards the first goal. “It’s about creating smart and good conditions in which companies can operate responsibly.” This would require an intensive discourse with politicians, which the CCI could then lead. In this sense, Braun sees the Committee as a sparring partner, a form of backing and legitimation for the CCI, which it needs for the credible political representation of interests. “Together, we in the Committee work out the positions that the CCI can then take into politics as authentic concerns of the economy”, explains Sabine Braun in her recap. “This is not least a piece of democracy in its purest form.”

### Case Study 4: CCI Working Group “Women in Business”— Making the Potential of Female Entrepreneurs Visible

In Munich and Upper Bavaria, around 30 percent of all businesses are in the hands of women. Nationwide, it is also about one third. And yet women entrepreneurs are far less noticed than their male colleagues: They are quoted much less frequently in the media, hardly ever sit on the podium in talk shows or at events. “The time had come to make women entrepreneurs more visible and at the same time to encourage more and more women to become entrepreneurs”, says Ingrid Obermeier-Osl, Vice President of the Chamber of Commerce and Industry for Munich and Upper Bavaria. In 2015, for example, she became a co-initiator and the first chairwoman of the CCI working group “Women in Business”. The working group anchors the CCI’s work with women entrepreneurs in voluntary work: “With this working group, women entrepreneurs now have their own platform in the CCI. The working group gives women in the CCI itself and in politics an audible voice”, emphasises Obermeier-Osl. (Look at Fig. 7.4.)



**Fig. 7.4** Around 30 percent of the companies in Munich and Upper Bavaria are run or co-run by women

## Own Platform for Women in Business

The working group “Women in Business” brings together around 50 female entrepreneurs and founders from all sectors, as well as women managers and experts: from the solo self-employed and head of a company with more than 1,000 employees to the social entrepreneur and manager, to the scientist. The working group for women has two main goals:

- **Greater visibility:** It makes women and their importance in the economy visible through numerous measures. All of the CCI’s women’s activities—some of which began before the working group was founded (see below)—are now run under the flag of “AK Frauen” (or “Women’s Working Group”).
- **Specific representation of interests:** In addition, the working group participates in political opinion-forming and the representation of interests by adopting positions. It also brings its positions to the general assembly. “Women often have different experiences, a special view of business management and of the economic–political framework conditions”, says Chairwoman Obermeier-Osl. “To complement and take into account these views and experiences in positions is very important in the sense of the overall representation of interests by the Chamber of Commerce and Industry and also for the success of the economy as such.”

## Success of Businesswomen in the Elections for the General Assembly

A special highlight for CCI women’s work was the year 2016 and for the election of the new CCI general assembly. Until 2016, the proportion of female members of the general assembly amounted to only eleven percent and was thus far below the importance that female entrepreneurs actually enjoy in the Upper Bavarian economy. With the active support of the working group, it was possible to win enough women as candidates, and almost all of them were elected. Finally, the proportion of women in the Chamber of Commerce and Industry general assembly increased to around 30 percent—corresponding to the real proportion of women in the Upper Bavarian economy. Ingrid Obermeier-Osl says, “The foundations have been laid. Our further goals are: to continue to work on the visibility of women, to present role models via company visits or publications and to encourage more women to found, buy and succeed, to network with other women’s associations in order to increase our influence, especially to seek dialogue with politics and to assert our shared positions for female entrepreneurs and female founders”.



## Women as Professionals and Managers

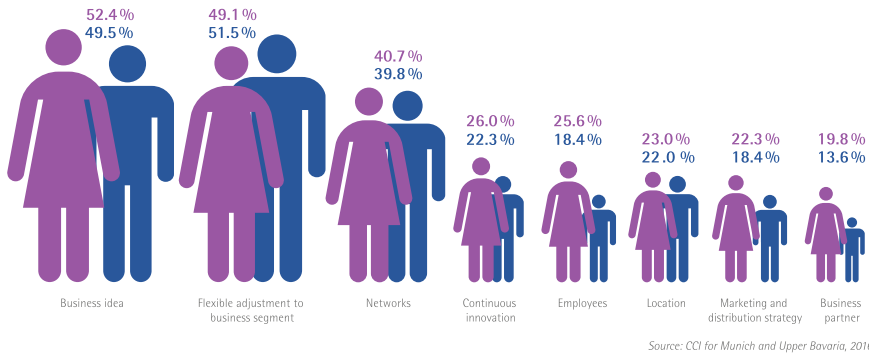
At the same time, this working group—and also the CCI—advocates for female specialists and executives. Here, the starting position in the Federal Republic of Germany is such that women continue to take on the lion's share of family work, reduce their weekly working hours for the family and thus forego careers. This is to the detriment of the economy, which would benefit from a higher proportion of women in the workforce and especially in management positions. It has been proven that a minimum of 30 percent of women in management positions make companies more successful. Ingrid Obermeier-Osl puts it in a nutshell, “The working group should also contribute to giving women the courage to pursue a career”.

## Extensive Offers for Women

In its practical work, the CCI addresses women entrepreneurs, specialists and managers with these activities:

- **Series of events—including the annual Women Entrepreneurs' Day:** Since 2013, several series of events have been launched that specifically address women entrepreneurs, female managers and founders. The largest of these is the annual CCI Women's Entrepreneurs' Day, which regularly welcomes well over 200 participants. In addition to providing information on issues relevant to companies and women, the event's special claim is the networking of women entrepreneurs.
- **Positions and dialogue with politicians:** The working group develops positions on fundamental and current economic policy issues: for example, on start-ups or business succession by women or on legislative projects such as part-time work or equal pay.
- **Networking:** Since 2018 there has been a separate (closed) CCI Facebook group known as “*unternehmerinnen.digital*”. On this platform, women can network, exchange and support each other outside of the physical events. At the same time, the working group networks with other women's organisations with an affinity for business, such as the Association of German Women Entrepreneurs or the Digital Media Women.
- **Publication work:** Meanwhile four special issues, which are enclosed with the CCI magazine, as well as the study entitled “*Unternehmerinnen in Oberbayern*” (“Women Entrepreneurs in Upper Bavaria”) have shed a great deal of light on the importance of women entrepreneurs as well as of specialists and managers for the economy in both a journalistic and scientific way.

Ingrid Obermeier-Osl, who is a busy entrepreneur, is happy to take time for the working group, but is also pleased—like the other members of the working group—that she gets a lot of energy through her work in the working group: “Women often



**Fig. 7.5** Women manage companies differently than men: An overview of the decisive success factors of Upper Bavarian women entrepreneurs

address things differently among themselves than in mixed groups. This exchange with like-minded people is very important to me”. She adds, “Above all, this working group also helps to improve the image of entrepreneurs in society. Entrepreneurs make an enormous contribution to the well-being of our society. With our working group, we also leave a positive mark in this sense”. (Look at Fig. 7.5.)

#### Box 1: “For more women in business”—position of the Chamber of Commerce and Industry

The formal basis of CCI women’s work is the position “For more women in business” as adopted by the CCI general assembly in 2013. The general assembly unanimously approved the position with one abstention.

- The success of the Upper Bavarian economy is in no small way due to the quantitatively significant role of women entrepreneurs, at 30 percent.
- Women represent a significant potential of skilled workers for the companies. Especially since women in the Federal Republic have never been as well educated as they are today.
- Gender diversity, including in management positions, is central to the success of companies.

These are the demands of the position paper aimed at companies, women and politics:

- **Companies** should better utilise the potential of women as specialists and managers.

- **Women** should put themselves up for management positions and strive for independence.
- **The state** must support women and companies on this path, for example by providing better and more flexible childcare.

**Voices from the working group—“I am involved in the CCI and the working group for women in business...**

... because the CCI still feels very male-dominated. If you want to promote and support women, i.e. female entrepreneurs, with their needs and problems, you need such a working group. The working group also provides me with much better background information. The working group gives us women more direct access to politics and administration. Thus, we can clearly address our demands to the competent authorities and have more influence. Furthermore, the working group gives me access to women entrepreneurs whom I would not otherwise meet. I become visible, I am recommended.”

*Beate Mader, VISION, consulting| concepts| implementation, communication consulting & business coach for strategic positioning, founder, owner, Bad Tölz*

... because I find it incredibly important that all groups that shape the economy have a voice within the framework of a chamber of commerce and industry. And 50 percent of them are women, who until now have not been seen as such. When I started dealings with the CCI, 90 percent of people I met were men in black suits at almost every CCI event... That’s why it is a special concern to make women in business more visible. The working group for women in business is a wonderful instrument for this. Essentially, the CCI offers a good platform to get into conversation with political decision-makers—at eye level. In addition, you get to meet other entrepreneurs: This results in new insight, good discussion on a variety of topics that concern us all and also one or two business collaborations.”

*Christina Ramgraber, sira Projekte GmbH, Munich, founder, Managing Director*

... because I think that a business location like Germany simply cannot afford to do without the potential of its female executives. The potential is there—we have to tap into it! From my experience as an entrepreneur over three decades, I know: Women ‘lead’ differently, and as entrepreneurs they cultivate a very individual style. Through our working group for women in business, we can address topics that are very specifically geared to the needs of female managers. The working group also acts very intensively as a network. And last but not least, with the working group, we give women in business the powerful voice that they undoubtedly deserve. At the same time, the development of Upper Bavaria as a business location is close to

my heart. In my perception, the CCI is an enormous network and a large think tank from which companies can benefit in many ways. I am literally sitting in the front row of the CCI. And I use this information advantage. Through my involvement in the working group for women in business, I would like to introduce other female entrepreneurs to the CCI network.”

***Yvonne Molek, w&p Wilde & Partner Communications GmbH, Co-Founder, Member of the Advisory Board, Munich***

... because there are issues where success can only be achieved through exchange and shared action. These are, above all, the topics that have socio-political relevance. Unfortunately, what female entrepreneurs experience in 2018 still differs substantially from what male entrepreneurs experience. For example, it is still easier for male entrepreneurs than for female entrepreneurs to obtain loans. Exchanging information about the opportunities and challenges that women entrepreneurs face in the working group for women in business is beneficial for all female entrepreneurs and can help to improve the conditions for future female entrepreneurs. Through the working group we are more visible, we are noticed, we get to know many interesting women and different perspectives, and see that we are not alone in our perception. In addition, we get many new impulses and ideas. 100 eyes always see more than two!

***Dr. Nadja Tschirner, Cross Consult GbR, Munich, founder, Managing Director***

... because the CCI can only successfully implement its legal mandate to look after the overall interests of those businesses belonging to it if it has sufficient knowledge of the respective interests. Therefore, I am fundamentally involved in the CCI for the medium-sized retail trade. However, the interests of female entrepreneurs are sometimes, but by no means always, identical with those of male entrepreneurs. Therefore, it is very important to point out the needs of female entrepreneurs and to sensitise others to these needs. Our entire working and living world is permeated by gender-specific role expectations and behavioural patterns. The visibility of women entrepreneurs in no way mirrors their actual importance for the economy.

***Michaela Pichlbauer, GÜNTHER RID-STIFTUNG for the Bavarian retail trade, Munich, Member of the Board.***

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## **Association of Bavarian Chambers of Commerce and Industry—Bolstering Credibility by Embodying Key Values**

*With the Association of Bavarian Chambers of Commerce and Industry, the Chambers of Commerce and Industry in the Free State enjoy a strong, supra-regional representation of their interests—especially with regard to state politics. In an interview, Dr. Eberhard Sasse, entrepreneur and president of the CCI for*

*Munich and Upper Bavaria and of the Association of Bavarian Chambers of Commerce and Industry describes how forces can be bundled, positions developed and campaigns designed.*

**Dr. Eberhard Sasse, Photo Credit: CCI for Munich and Upper Bavaria/Goran Gajanin\_Das Kraftbild**



**Why does the principle “chamber of commerce and industry” also need a supra-regional structure? The strength of the CCI actually lies in the bundling of regional interests and competences...**

Its regional competence is undisputed. But when it comes to who we want to reach with our work and our messages, we must also keep an eye on Germany’s federal structure. In this structure, responsibilities are divided and structured. And we cannot reach all levels if we focus solely on the respective chamber district.

**So how have you solved this challenge?**

On a national level, we have the Association of German Chambers of Commerce and Industry, which is based in Berlin. It is the umbrella organisation for the 79 Chambers of Commerce and Industry in Germany and addresses all issues that are the responsibility of the federal government and Europe. The Association of Bavarian chambers of Commerce and Industry & bundles the interests of the nine Bavarian Chambers of Commerce and Industry vis-à-vis state politics in Bavaria, while a chamber of commerce and industry then bundles the interests of the members of its respective chamber district. Finally, in the individual CCIs, the regional committees represent the interests of companies at district and municipal level. From this point of view, the structure of the CCI organisation reflects the division of Germany according to its political levels: Nation—State—District—County. This ensures that our work arrives where it is needed—and where it can have an effect.

**Let's take a look at the example of Bavaria, where you, as president, head the Association of Bavarian Chambers of Commerce and Industry. Can this be understood in such a way that the state organisation sets the tone and the individual CCIs follow it?**

No, quite the opposite. Our organisation is structured from the bottom-up. Just as the individual CCI builds its knowledge and positions on the input of the representatives of sectors and regions in the general assembly and the regional committees, so the Association of Bavarian Chambers of Commerce and Industry bundles the input from the nine regional CCIs in the Free State—in order to then speak with a strong voice and introduce our positions into state policy.

**Has this always been the case?**

The Association of Bavarian Chambers of Commerce and Industry has a very long tradition, it has been in existence since 1909 and has been organised as a separate association since 2009. The association also defines the responsibilities and roles in the organisation.

**For example?**

The President and the Chief Executive of the CCI for Munich and Upper Bavaria form the executive committee of the association, because they represent the so-called “local chamber”, i.e. the CCI at the seat of the Bavarian state government.

**So the decisions are made in Munich?**

The fundamental preparations are made by the association's advisory board. All the Bavarian Chief Executives are represented in it. The decision-making body of the Association of Bavarian Chambers of Commerce and Industry then builds on this preparatory work and this is—as in a CCI—its general assembly. In this assembly, the Presidents and Chief Executives of all Bavarian CCIs are present as members and make all decisions together. One man, one vote—the democratic principle—runs through the entire CCI organisation. It is then the task of the Board to represent the decisions vis-a-vis politics, administration and the public.

**How strong is the association of Bavarian chambers of commerce and industry, and how representative its position?**

Through the nine individual CCIs, we unite the interests of a total of 990,000 companies in Bavaria. This makes the Association of Bavarian Chambers of Commerce and Industry the strongest Bavarian business organisation. Precisely because we use our federal structure to develop our positions from among the business community and make democratic decisions on them in the general assembly meetings, we have a high degree of credibility and are accepted as a serious discussion partner on all political levels. It is undoubtedly one of the absolute strengths of the CCI organisation that we bring together the knowledge and interests of so many companies and allow everyone to participate in these combined forces. This exchange is structured by our statutes. In this sense, we have embraced the “Sharing Economy” even before this term existed...

**What role does voluntary work play in this context?**

It is, literally, the “social” component in our country’s economy, which continues to draw its strength and credibility from the concept of the “social market economy”. The acceptance of the work in the CCIs and in the Association of Bavarian Chambers of Commerce and Industry is essentially based on the fact that entrepreneurs place themselves free of charge and without regard to their own advantage into the service of the general public. That is the “honourable merchant” at its purest—along with actively sharing one’s own strength and power with everyone.

**Does this form of cooperation also Give you the credibility you mentioned?**

Without a doubt. This is because it is the basis of our non-partisan approach and our independence. The CCIs and the Association of Bavarian Chambers of Commerce and Industry always represent the overall interest of the economy. This also means that we take up considerable minority opinions and integrate them into our positions. Finding only the lowest common denominator is not enough for us. This is why the upstream regional and specialist committees and, ultimately, the general assemblies sometimes struggle intensively to achieve a viable result.

**Does that really work?**

When it comes to issues such as energy system transformation or transport infrastructure, it is not only the sectors and companies directly affected that have their say, but also all other sectors of the economy, which can also take a different, and sometimes even contradictory, stance. This is fully reflected in our positions: There is no advocacy on the part of a Chamber of Commerce and Industry or the Association of Bavarian Chambers of Commerce and Industry for partial interests or lobbying in favour of a specific industry.

**But aren’t such processes sometimes also counter-productive because they drag on for a long time and their balanced results are not as effective in the public eye as rather pointed demands?**

When we talk about productivity, no one on the Boards of the Chamber of Commerce and Industry needs to explain to us entrepreneurs what that means. The processes of decision-making in the committees are just as efficient as in the companies. The entrepreneurial swarm of intelligence contributes to this just as much as mutual trust does—which is based precisely on the principle of not favouring individual interests. And as far as the balanced result is concerned, unlike some unlikely “shop window” positions, the positions of the Chamber of Commerce and Industry have a realistic basis and provide practical approaches for politics and administration. This efficiency is a mark of quality for the CCIs as well as for the Association of Bavarian Chambers of Commerce and Industry—and helps us in our own organisation as well.

### **In what way?**

Not every CCI has to reinvent the wheel with regard to certain questions. The Association of Bavarian Chambers of Commerce and Industry sees itself as a transformer of existing knowledge and acquired insight from which each individual chamber can draw for its own needs.

**As far as efficiency is concerned, does the association of bavarian chambers of commerce and industry address every economically relevant topic or do you set priorities?**

As a constantly evolving organisation that comprises companies that are constantly learning, there are no topics we leave out. Where we recognise the need for action and where our member companies demand action, we naturally become active. On the other hand, we remain target-oriented in our efforts if we focus our work on certain overarching issues that affect all sectors and companies.

**Which of these core topics is the association of bavarian chambers of commerce and industry been concerned with at present?**

At present five topics are the focus of our activities. We call them “Excellence” topics, because they have a very high and practical current relevance for companies, issues that companies find most pressing. First and foremost, this is the work on education policy. We are concerned here with strengthening and further developing the dual vocational training system. This intensive combination of practical training and school-based support is a non-negotiable quality feature of “Made in Germany” and requires our special attention in the wake of global change and the superficial attractiveness of “learning on the job”. Together with the Chambers of Trades and Crafts and the Ministry of Economics, we are working intensively to maintain and optimise the dual vocational system for the benefit of both the economy and society.

### **And the other four topics?**

The first is to secure skilled workers for the needs of all companies. This is closely related to vocational training issues, but extends further to questions of qualification and the immigration of skilled workers from other countries. Secondly, we are addressing the challenges in the energy and raw materials markets as well as the change or development of existing structures for the use and distribution of resources. In the field of internationalisation, we are committed to free and fair trade and stand up against protectionism and state egotism. Bavaria is an exporting nation, but it also depends on a functioning import system—this applies to each and every one of our members. And, last but not least, we are moving the model of the honourable merchant back into a perception that befits it.

### **Do you think the honourable merchant had lost in terms of significance?**

Let’s put it this way: Numerous other role models for corporate management (some of them very short-term), such as the shareholder value approach or the unrestrained buying up of other companies, have caused a great deal of economic unrest in the recent past—which put the supposed old-school ideal of an entrepreneur for whom the “preservation of the decency and morals of the honourable merchant” is a key factor for responsible action on the back bench. With the rise of Corporate Social Responsibility, this attitude, which had temporarily lain dormant,



regained its reputation. In 2015, the Bavarian Chambers of Commerce and Industry then made the honourable merchant a guiding principle, because entrepreneurial tasks and challenges can be mastered in a credible and responsible manner. This has real potential for the future: an in-depth, long-term joint project, in other words, not a short-term marketing campaign—in keeping with the tradition of our self-image that we do not chase trends but rather open up perspectives.

**In other words, you see yourself challenged to “set the agenda”?**

This is how you might describe it with modern terminology. In principle, there is nothing more to it than entrepreneurial thought and action: We not only react to changes in the market and other, mainly political influences. Rather, we independently define topics and goals that we want to occupy, shape and implement. Innovation—that’s entrepreneurship and that’s why it’s also CCI.

**In your opinion, what is the most significant success that the association of bavarian chambers of commerce and industry has achieved with agenda-setting?**

That we, the Bavarian industry, have found a way to give refugees a binding and immediate sense of perspective in our state. The initiative entitled “Integration through vocational education and work” is holistic and sustainable, it provides concrete measures and overcomes bureaucratic obstacles. Figures are only part of the truth behind this, but 4,695 training contracts concluded in 2017 with young people from countries of origin that are typical for refugees have not only made a positive contribution to the training balance. They are also strong evidence of the social commitment of our companies. Not least as a result of our influence, we understand that Bavarian Minister President Markus Söder wants to support cutting-edge technology to the tune of EUR one billion.

**And what other topics are currently occupying you most—also with regard to their impact beyond the economy?**

With regard to recent times, I would like to mention the campaign “Training makes parents proud”, with which we have increased awareness throughout Bavaria of the value of vocational training. This campaign has demonstrably influenced the attitude of parents, whose advice plays a key role in their children’s choice of career. Another example is the constructive and critical support of the “Bayern Digital” offensive by the state government. We have presented a total of three catalogues of demands in this regard. In our view, the Bavarian digitisation strategy, for example, is still characterised by its limited gearing towards concrete support for user SMEs and IT companies, even though there are some good approaches. Who, if not the Chambers of Commerce and Industry, could make it clear from the broad application knowledge of their member companies where the actual need for action lies?

**Dr. Sasse, thank you very much.**

## **The Tasks of the Association of German Chambers of Commerce and Industry**

The Association of German Chambers of Commerce and Industry represents the entire commercial sector in Germany. Its members are the 79 Chambers of Commerce and Industry (CCIs) with several million companies from industry, trade and services—from kiosk owners to large corporations.

The Association of German Chambers of Commerce and Industry is committed to these companies in its dealings with politicians, administrators and the public. It advocates for a commercial economy at the federal and European level—for example, for less bureaucracy, free trade or fast internet. The goal is good framework conditions for a successful business.

The Association of German Chambers of Commerce and Industry bundles the interests of businesses across all sectors and branches of the economy in a democratic and deliberative manner. These are conveyed to it by the Chambers of Commerce and Industry. The spectrum of opinions on the various economic policy issues is as diverse as the business landscape in Germany.

## **Comprehensive Information from the German Business Community**

The Association of German Chambers of Commerce and Industry takes this spectrum of opinion into account when probing and weighing up the feedback. It also includes minority positions in its representation. After all, politicians and administrators depend on information from the business community being conveyed to them as comprehensively as possible. In this way, the Association of German Chambers of Commerce and Industry develops joint positions of the German business community and helps to shape the economic policy opinion-forming process in Berlin and Brussels in a balanced and authentic manner.

Entrepreneurs in honorary positions play a key role in developing the economic policy positions that the Association represents. The honorary bodies are supported by more than 200 employees in Berlin and Brussels. The Chief Executive Officer manages the business of the Association of German Chambers of Commerce and Industry and is appointed by the General Assembly.

## **Internationally Active for Germany's Businesses**

In addition, the Association of German Chambers of Commerce and Industry coordinates the network of more than 140 foreign chambers of commerce, delegations and representative offices of German business in 92 countries.

The institutional seat of the Association of German Chambers of Commerce and Industry is where the federal government and the federal parliament are located. From June 1949 to September 1999, this was Bonn. Since October 1, 1999, it has been Berlin. The Association of German Chambers of Commerce and Industry is registered in the Register of Interest Representatives of the European Commission (No. 22400601191-42).

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## **In pursuit of overall interests in business and the economy using five examples**

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### **First example: The integration of refugees—creating a secure environment**

*When several hundred thousand refugees came to Germany in the summer of 2015, the Chambers of Commerce and Industry also felt challenged. The business community wanted to help in accordance with the model of the honourable merchant, and the CCI for Munich and Upper Bavaria, as their representative body, lobbied for the appropriate framework conditions.*

We can do it! Behind this much-quoted sentence of the German Chancellor Angela Merkel is indeed a high claim: Almost one million refugees came to Germany within one year from summer 2015. They had fled from war, oppression, torture and poverty. Merkel was determined to accept and integrate them. She wanted to achieve this. Her appeal met with an open ear, especially in the business world. Many entrepreneurs were not unaffected by the fate of the refugees. They wanted to help according to the standards of an honourable merchant who looks beyond his own business concerns and takes responsibility. The best way to help seemed to them to integrate the refugees into work or training. The welcome side-effect is the refugees could help to alleviate the shortage of skilled workers from which both Germany and the state of Bavaria suffer. In this way, humanitarian aid, social responsibility and securing skilled labour come together.

### **Refugee Integration as an Expression of the Representation of Interests**

Initially, the entrepreneurs repeatedly asked the Chamber of Commerce and Industry for Munich and Upper Bavaria how they could employ the refugees in their companies and what conditions they had to meet. It quickly became clear that the economy, as part of society, has and wants to assume responsibility—and that the best way to do so would be integration through work and training. Translating

the Chancellor's quote from "We can do this" into "We are doing this", the CCI tackled the task on behalf of and together with the honorary office. It understood its commitment to the refugees primarily as a representation of the interests of the companies vis-à-vis politics and government: The economy needs legal and planning security, but also practical support for the integration of the refugees. Both could only be achieved together with politicians, it was argued. Together with the other Bavarian Chambers of Commerce and Industry, the "Bavarian Integration Pact" was created. This pact ultimately formed the basis for the joint alliance with the Bavarian state government—"Integration through training and work" which was concluded in autumn 2015.

### **Concerted Action by Business and Politics—The Integration Pact**

With the initiative "Integration through training and work", the Bavarian state government, the Bavarian Chambers of Commerce and Industry and Chambers of Trades and Crafts, the Association of Bavarian Chambers of Commerce and Industry and the Bavarian Regional Directorate of the Federal Employment Agency have committed themselves to get more than 60,000 refugees into training and work by 2019. Together they have made almost EUR 100 million available for this purpose. The Bavarian Chambers of Commerce and Industry alone had their general meetings release a total of EUR 9 million for the joint initiative. The strategic package of measures foreseen by the initiative had previously been developed mainly by the Munich Chamber of Commerce and Industry.

### **Practical Support for the Companies**

Even four years after the big wave, the Bavarian Chambers of Commerce and Industry continue to support their companies with many services and concentrate their integration work primarily on the training of refugees. A brief overview of the services offered by the CCI for Munich and Upper Bavaria is given. (Look at Fig. 7.6.)

- **Information for companies:** Companies are kept up to speed as part of a comprehensive online presence, articles in CCI publications and leaflets on all facets of integration practice, best practice brochures and numerous events. In the beginning, there was also a special company-oriented asylum law guide, which clearly presented the complicated asylum law for companies.
- **Individual case advice:** Since German asylum, residence and labour law is complicated and constantly changing, the Chamber of Commerce and Industry also supported companies with individual advice from its specially established integration team (see below). This team also works together with authorities or vocational schools.

**Fig. 7.6** Important support services: With these services, the Bavarian Chambers of Industry and Commerce are making a strong case for the integration of refugees into the labour market



- **Professional language courses accompanying training:** For the companies, but also for those refugees who have taken up vocational training, the German language is the key to success. This is why the Chambers of Commerce and Industry have made a political commitment to the expansion of language courses at Bavarian vocational schools. To explain, in Bavaria, young refugees are integrated into the education system primarily through integration classes in vocational schools.
- **Competence assessment:** Companies want to know what talents the refugees bring with them. Since certificates and other documents can be lost during a person’s escape from such awful circumstances, the Chamber of Commerce and Industry developed “check.work”, a test that can be used to quickly determine talents, professional experience and competences. check.work is available in German, English, Arabic, Persian and Somali. The CCI FOSA, the central recognition office of the Chambers of Commerce and Industry for professional qualifications, also helps to quickly determine and recognise foreign qualifications with minimal bureaucracy.
- **Special offers for refugees:** In order to bring the refugees into contact with companies, they are invited to the CCI training fair jobfit!, which takes place several times a year in Munich and in the regions. In addition, they get to know training companies—and training professions—on tours with the specially designed CCI training bus. Before the start of an apprenticeship year and during the training year, there are also special workshops for refugee trainees.
- **Intercultural knowledge for trainers and human resources managers:** For operational cooperation, companies must also have a better knowledge of the culture of refugees and the conditions in their home countries. For this purpose, the CCI Academy has developed special intercultural seminars for trainers and personnel managers.

## Legal Initiative of the CCI

Just as important as the practical support was the Bavarian Chambers of Commerce and Industry's solid legal stance and the associated planning security for the companies. This was therefore also the subject of interest representation. It is to the special merit of the CCI for Munich and Upper Bavaria that the so-called 3 + 2 regulation was created and finally even found its way into the Federal Integration Act of 2016.

### **3 + 2 Regulation—Legal Certainty for Refugees and Companies**

This regulation grants refugees whose asylum application has not yet been rejected and who begin a three-year vocational training course, regardless of their current legal residence status, a secure residence during the training period and for a further two years.

### **Creation of Appropriate Internal Structures**

In order to implement all these services, the Munich Chamber of Commerce and Industry also created new structures internally and supported nationwide structures created by the umbrella organisation—the Association of German Chambers of Commerce and Industry:

- **Establishment of a new integration team:** With the Integration Pact, the Bavarian CCIs also committed themselves to establish a “caretaker structure” or integration teams. In the CCI for Munich and Upper Bavaria, this team consists of six experts. They are familiar with all facets of asylum law, speak many languages and are well networked with authorities, schools and other actors in asylum law. This enables them to provide active and practice-oriented advice and support to companies.
- **Nationwide network “Companies integrate refugees”:** The umbrella organisation of the CCIs, the Association of German Chambers of Commerce and Industry, has set up a nationwide network of companies entitled “Companies integrate refugees”, which also supports the companies with information, events and advice.

### **Visible Success and Further Goals**

In the meantime, the structures are well established. All offers are known and used by the companies. Professional integration into companies is basically making good

progress. Nationwide, a quarter of all refugees are now in work or training. Every third company intends to invest in the training and employment of refugees. The training statistics of the Chamber of Commerce and Industry for Munich and Upper Bavaria show that without the recruitment of young refugees, many training positions would have remained unfilled. The drop-out rate among refugee apprentices is only marginally higher than among local young people; around 75 percent of the first year of training have successfully completed their final examination. The overall representation of interests has thus been fundamentally successful. The Chamber of Commerce and Industry is now safeguarding what has been achieved through constant communication with politicians and through the continuous support of the companies. This includes, above all, the constant commitment to the 3 + 2 regulation, because this is what the CCIs stand for when representing companies and businesses. In addition, the CCIs are of the opinion that a pragmatic and non-bureaucratic way must be found for those refugees who are well-integrated and still reside under a “tolerated” status, in order to ensure their secure working residence in the country.

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### **Case Study 1: Bayerische Blumen Zentrale GmbH—Training Refugees Despite Official Uncertainties**

Sonja Ziegltrum-Teubner, Managing Director of Bayerische Blumen Zentrale GmbH in Vaterstetten, had a great desire to help refugees, but also approached her commitment pragmatically—in an entrepreneurial manner, that is the 3 + 2 regulation of the Integration Act came in very handy for her. It allows refugees in training to stay in Germany for the duration of their training and for two more years. The CCI for Munich and Upper Bavaria had developed this solution. “An insecure prospect of staying was and is the biggest problem for us entrepreneurs”, she says. The economy wants to train refugees, invests time and money—and then the young people may not be allowed to stay or are deported because their reasons for asylum are not recognised. “Especially when several refugees in vocational training are involved, their deportation would upset the whole business plan.” With 3 + 2, the training of refugees is now actually easier to manage. No wonder Ziegltrum-Teubner is always annoyed by the narrow interpretation of the regulation by the Bavarian state government. “It’s incomprehensible”, she says, and likes to air her annoyance in the media as well. She is currently training four young men on a permanent basis, and two others are deployed as helpers. The 3 + 2 rule does not yet officially apply to two of the trainees. The entrepreneur only has a verbal assurance from the responsible district office that they will not be deported during the training period. “Such an unclear situation is, of course, not good for the refugees themselves either. They are very unsettled, which in turn has an effect on learning and working in the company.”

In spite of the official difficulties, Ziegltrum-Teubner does not allow herself to be stopped. Applicants among the refugees were (and are) found mainly through the voluntary local refugee helpers' circle, in which a friend of hers is very active. This random recruitment process turns out to be very advantageous: "The personal recommendation is very helpful for the selection. The helpers can usually assess whether the candidates are suitable and could fit in with us". The recommendation is checked by an initial discussion and trial work in the flower centre.

When people from other cultures with severe traumas due to persecution and flight have to settle into new social contexts, it can also lead to problems. Sonja Ziegltrum-Teubner remains calm: "In contrast to many a German trainee, we have no problems with our refugees in the form of unexcused absences or delays", she praises. "The main problems are actually the school issues: the German language, which is not yet very good in some cases, or the lower level of school education in some cases."

It is also important to the entrepreneur that her core workforce is on board. She explains in good time when refugees are going to be taken on and need to be integrated. "As we have already worked together in pairs in most areas where refugees are deployed, we have now transferred the principle. This results in a 1:1 form of supervision that gives the refugees a great start." Another advantage is "Through close cooperation, the permanent staff and refugees are becoming increasingly closer, and mutual understanding for each other's problems is growing. This has also helped to break down barriers with regards to refugees among the German permanent staff".

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## **Case Study 2: Stadtwerke München GmbH—Facilitating Operational Integration**

Stadtwerke München (SWM) has long had a heart for young people who have not been so well off in life: young people with family problems, with a criminal or drug-related background. For 30 years now, SWM has been helping them back on their feet in the Stadtwerke project together with Spectrum e.V., a legal entity of several independent institutions for helping the disadvantaged.

When the large streams of refugees came to Munich in the summer of 2015, the management of SWM decided to become involved as a company and use the Stadtwerke Project for this purpose. As part of a vocational preparation measure, 20 refugees have been placed in work or training since 2016. The measure is financed in equal parts by the Federal Employment Agency and Stadtwerke München GmbH and, in terms of the personnel setup and underlying concept, is designed to meet the needs of refugees. The trainer in the training centre is supported by a sociologist and a German teacher, so that practical training, subject-related German lessons and individual social pedagogical support are directly intertwined.



The municipal utility trainers first find out whether the young people fit in with the vocational offers of the SWM and thus with the project by means of vocational taster days. During the vocational preparation year, they are then employed together with the other trainees in the various technical (non-commercial) areas of SWM, but also in other companies, and get to know plant construction, network and plant service or even the power plant area itself. This year, they are expected to reach apprenticeship maturity and receive targeted support in choosing a career and during the application process, in order to ultimately find their way into subsequent dual vocational training at SWM. Of the original 16 participants, twelve have so far succeeded in doing so. Two of them have started training at the SWM, ten at other companies.

The Spectrum e.V. association, which is co-financed by the city of Munich, among others, is of particular help to the SWM. The association helps with the recruitment of the refugees, but also supports the Stadtwerke project during its course. In addition, the company exchanges information with other companies on the subject of refugees in a working group of the German Association for Personnel Management (DGFP). SWM Personnel Manager Werner Albrecht is very pleased with the refugees: “Although there are sometimes challenges in terms of language, issues such as punctuality or meeting deadlines. But they are consistently committed, grateful and hard-working”.

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## **Second Example: Digitisation—Making Companies Fit for the Digital Future**

*The CCI motivates and empowers companies to position themselves digitally with many offers. “Pack ma’s digital”—translated from Bavarian: “Let’s be digitally successful!”—is the motto. At the same time, the CCI is committed to the state government for the expansion of high-speed Internet and financial support for the economy.*

No company can avoid digitalisation. Those who do not engage in Internet-based processes, who do not adapt their business model accordingly, will sooner or later lose their competitiveness. The Chamber of Commerce and Industry for Munich and Upper Bavaria began to address the issue around 15 years ago. Back then, the buzzword digitalisation, which is on everyone’s lips today, was not yet familiar to most entrepreneurs. However, some pioneering companies and also the primary office of the CCI had already recognised that the economy would increasingly be based on digital technology. The CCI wanted all companies to be as well prepared as possible for this change. With foresight, the CCI therefore defined two main tasks: The companies need an infrastructure that makes digitalisation technically possible—the keyword being high-speed Internet. At the same time, the companies must be enabled to implement digitalisation. The support of politics was and is necessary, especially for the development of infrastructure, but also for the

empowerment of companies. The commitment of the Munich Chamber of Commerce and Industry to digitisation is, therefore, also a prime example both for the representation of interests and for the promotion of business.

## Commitment to Better Infrastructure and Funding

The following two initiatives, which the Munich Chamber of Commerce and Industry (CCI Munich) presented to the state government on behalf of all Bavarian Chambers of Commerce and Industry, and which the state government accepted and implemented, are examples of how the CCI is clearing the way towards the digitisation for companies.

- **Broadband expansion:** An efficient broadband network is a decisive location factor for the economic success of all of Bavaria. The Bavarian Chambers of Commerce and Industry, therefore, sought talks with the Bavarian state government at an early stage and succeeded in getting the state government to set up a funding programme for broadband expansion. Since 2008, this programme, which now has a total volume of around EUR 1.5 billion, has been supporting local authorities in developing high-speed Internet. In the meantime, 98 percent of Bavarian municipalities are in the funding process for the expansion to at least 50 Mbit/s. In the first funding years from 2008 to 2011, the Chamber of Commerce and Industry acted as the contact point for the municipalities when submitting applications for funding. In the meantime, the Bavarian Broadband Centre, which was set up specifically for this purpose, has taken over the processing of applications. With this programme, the CCI, in cooperation with the political sector, created the basis for the digitisation of its members. Since the demand for bandwidth is continuously increasing, there is still a lot to be done: In May 2018, the CCI for Munich and Upper Bavaria surveyed its volunteer entrepreneurs on the supply of fast Internet and mobile communications. The result is sobering: For roughly 40 percent of the companies, the current fixed and mobile network infrastructure is not sufficient. So the Chamber of Commerce and Industry made eleven demands for better broadband supply and remains on the ball in its representation of interests.
- **The Bavarian Digital Bonus:** Getting ready for the digital world is a major challenge, especially for small- and medium-sized companies. The CCI therefore proposed the introduction of a so-called “Digital Bonus” to the Bavarian state government, which would enable small- and medium-sized companies in particular to use modern IT systems, develop digital products, processes or services and improve IT security. The state government accepted the proposal and has been providing extensive subsidies since 2017. The digital bonus has been extremely well received. The first tranche of funding was even used up prematurely, before being increased immediately.

- The CCI also lobbied the state government for education vouchers to help companies promote the digital empowerment of their workforces. This demand was met. The cheques have been available since 2019 to supplement the digital bonus.

## Services to Support Company Digitalisation

But the CCI did not leave it at the political representation of interests. It was also concerned with enabling companies to cope with digitisation in practice. In this way, it supports its members in becoming more and more digital with a variety of formats. With its service, it links the offline with the online world.

- **The “netzblicke” series of events and much more:** It is easier to cope with digitisation if companies and experts can meet and exchange ideas in person. The “netzblicke” series of events is the first format that the CCI established for this purpose. The free event series, which started back in 2004, provides practical tips on a wide range of topics from the digital world. Traditionally once a month, interested parties meet at the CCI or in a company and talk about current and helpful topics such as search engine optimisation, online marketing or IT security.
- **CCI webinar series:** Many people use YouTube videos and webinars to get practical information: from building manuals to repair instructions. This was taken up by the Munich Chamber of Commerce and Industry (CCI Munich), which established its own webinar series on important topics of digitisation. These deal with e-commerce, data protection, IT security, blockchain technology and much more. In these films, which last about one hour, interested companies receive basic information prepared for practical use.
- **Guideline Industry 4.0:** The Guideline Industry 4.0 on the website of the Chamber of Commerce and Industry is intended as an entry aid for industrial companies. It offers information, practical examples and interviews with experts. As a special feature, the guide contains a digital self-check. Entrepreneurs can use it to ascertain the digital maturity level of their company. How digital are my production, company organisation, technology and products at this stage? The self-check provides answers, further information, suggestions and explanations.
- **Work 4.0:** To a considerable extent, digitisation also affects the world of work. Digitisation opens up structures, people not only have to master the new media technically, but they also have to work differently, more flexibly, in a more self-determined way and more team-oriented. Methodical approaches such as Design Thinking, Scrum or Business Model Canvas make this possible. The CCI also supports the establishment of such approaches in companies, initially bringing them closer to managers: with roadshows through companies that have already mastered the new work, with congresses or publications.

- **Digitalization initiative “Pack ma’s digital”:** The initiative “Pack ma’s digital” or in High German: “Werden wir digital erfolgreich!” (“Let’s be digitally successful!”) provides concrete support to small- and medium-sized businesses in developing digital strategies. Initially with a roadshow through the CCI region, the CCI and its partners from the business world brought practical concepts and recipes for digitisation to the companies. The “Pack ma’s digital” concept now covers all of the CCI’s digitisation activities.

According to the latest surveys, one third of Bavarian companies now feel fit enough to cope with digitisation. The CCI considers this to be a realistic estimate, but also sees that Bavarian companies still have a lot to do. Thus, digitisation will remain an important task in the area of representation of interests, but also for business development. Infrastructure and competence development must continue. The CCI also wants to strengthen the companies’ focus on future technologies such as artificial intelligence or Blockchain: there is a lot of potential for the location here.

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### **Case Study: “Pack Ma’s Digital”—Informing and Networking Companies for Digitalisation**

Digitisation is not an end in itself, but a necessity for every company. With the initiative “Pack ma’s digital”, or in High German: “Werden wir digital erfolgreich!” (“Let’s be digitally successful”), the CCI has developed a concept that particularly involves small- and medium-sized businesses in digitisation. The Bavarian Ministry of Economic Affairs took on an oversight role here. At the same time, the CCI brought digitally experienced partners from the business world on board. The founding partners of the initiative were the internationally active social media platforms Facebook and LinkedIn, the telecommunications service provider Telekom Deutschland, Giesecke & Devrient, which specialises in printing banknotes and chip cards, and the retail company MediaMarktSaturn Retail Group. In the meantime, other interested parties, regional IT SMEs as well as Google have also joined in. “Pack Ma’s digital” can currently be proud of around 100 supporters.

### **Huge Range of Content**

The “Pack ma’s digital” category now includes all the digitisation services offered by the CCI. Hardly a day goes by when interested parties do not have the opportunity to attend events or network meetings and to catch up and exchange information on digitisation in all its facets—from company visits and workshops to congresses in Munich, in the regional offices or even in local companies, in publications, on the web or in social media. These activities are accompanied by an extensive collection of material in the online download centre, the CCI website and

YouTube. The programme of content is extremely impressive: Topics such as search engine optimisation, e-commerce, new training occupations in e-commerce, data protection, cyber security, Blockchain or Industry 4.0 are just a small selection.

## **Politics, Companies and CCI Hand in Hand**

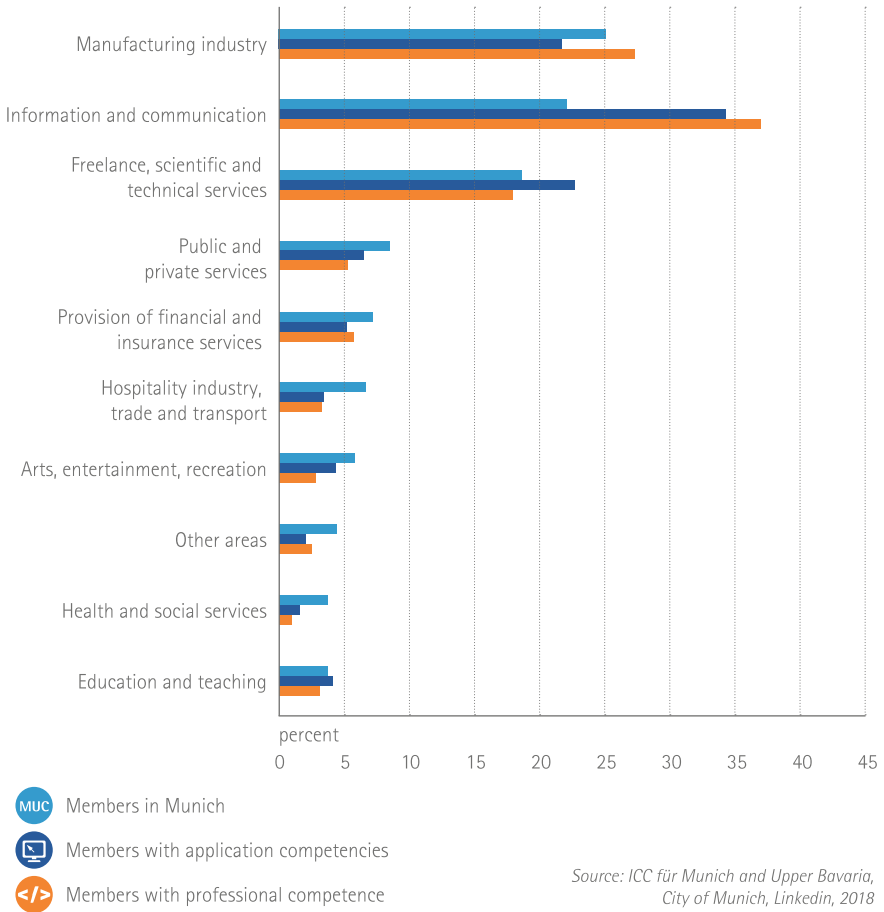
“Pack Ma’s digital” also reflects the fact that the digitalisation of the economy has become a cross-cutting issue for all areas of the Chamber of Commerce and Industry—just as it has become a cross-cutting issue for the economy itself. Not only the ICT speakers, but every department contributes something to make companies digitally fit. In addition, “Pack ma’s digital” shows how politics, business and the CCI are working hand in hand to tackle a topic that is crucial for the future, shape the general conditions and make the location and its economy fit for the future. (Look at Fig. 7.7.)

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## **Third Example: Transport Policy—Taking a Position in Infrastructure Development and Delivering on Tomorrow’s Mobility Needs**

*Every company needs a flawless transport infrastructure as a prerequisite for its economic success. The CCIs are, therefore, committed to maintaining and expanding the existing transport networks and facilities. The Munich Chamber of Commerce and Industry and the Association of Bavarian Chambers of Commerce and Industry as a whole also attach great importance to future mobility.*

Transport policy is a high priority on the agenda of the representation of interests of all CCIs. After all, efficient airports, seaports and inland ports as well as well-developed and demand-oriented road and rail networks are indispensable for a flourishing economy. But transport experts predict double-digit growth rates for many rail and road routes in the coming years—a development for which the existing infrastructure is not prepared. The chambers of commerce and industry, therefore, regularly point out to politicians and the public the necessity of expansion and modernisation measures as well as new roads and railways and warn of their timely realisation. This also includes the demand for the implementation of long overdue transport projects. After all, many an infrastructure project for which federal transport infrastructure plans identified an “urgent need” more than 20 or even 30 years ago has still not been realised today because budget funds are lacking or legal proceedings are blocking the planned start of construction. At the same time, however, the chambers of commerce and industry are always concerned with preparing the economy and society for the transport and mobility of the future.



**Fig. 7.7** Digitisation permeates all sectors of the economy in Munich

### Joining Forces in Bavaria

The view to Bavaria: In representing their interests, the Bavarian Chambers of Commerce and Industry act independently of each other, but also seek to close ranks with other chambers of commerce and industry or other chambers and associations. The CCI for Munich and Upper Bavaria, for example, adopted a comprehensive transport policy agenda (see case study below) for Munich and Upper Bavaria in 2016, which listed all the transport policy points of importance for the chamber district and backed them up with constructive proposals: from financing to the strategic expansion of roads, railways and waterways in Upper

Bavaria, to the optimisation of local public transport. The agenda had previously been discussed intensively in the transport committee, the regional committees and the general assembly.

### **Intensive Public Relations Work**

The CCIs present such papers in an attention-grabbing manner at press conferences and other public events and discuss them at conferences with politicians, transport experts, environmentalists and other stakeholders. They also make it clear to the public that they are persistently on the ball when it comes to campaigning for well-developed traffic routes. And although the commitment to transport policy projects really does take a long time and sometimes takes years, there are certainly successes to be had. For example, the members of the Munich Chamber of Commerce and Industry were recently able to celebrate the three-lane extension of Autobahn 8 in the direction of Ulm.

### **Focus on the Needs of the Population**

In doing so, the chambers of commerce and industry do not ignore the fact that an expansion of the transport infrastructure can create burdens for the local population and must therefore be designed as environmentally friendly and sustainable as possible. They therefore support strategies that seek consensus with residents and local politicians in important construction measures. For example, the Munich Chamber of Commerce and Industry (CCI Munich) is clearly behind the communication concept of Deutsche Bahn for the four-lane expansion of the rail connections to the future Brenner Base Tunnel (BBT). Deutsche Bahn wants to discuss this expansion with the population at community and regional forums in the affected Inntal valley region. Given that the federal government had already promised to build the BBT in 1994, the Chamber of Commerce is urging haste. This is because the 64-kilometre-long tunnel will be part of the pan-European transport corridor between Scandinavia and southern Italy. Austria and Italy began construction of this “project of the century” in 2008. Germany must therefore make further progress here.

### **Focusing on the European Dimension: Third Runway for Munich Airport**

The Brenner project also demonstrates the European dimension of transport policy: It shows that the representation of interests by the Chambers of Commerce and Industry is also in demand at the European level. Several rail and road routes in Bavaria are part of the pan-European transport infrastructure, and the European Union (EU) wants to expand and modernise them as quickly as possible. The CCI

supports these projects because an internationally well-networked infrastructure also ensures locational advantages for Bavaria. This also applies to Munich Airport's project to build a third runway, which is supported by the Munich Chamber of Commerce and Industry. The runway was initially rejected by the population in a referendum. But there will certainly be a next round, in which the CCI will play an active role.

## Preparing Members for the Traffic of the Future

In addition to representing interests in relation to the transport infrastructure, the CCIs also discuss the mobility of the future with their members, educate them, encourage them to take new paths and show how a changeover can be organised with the greatest possible economic efficiency. In doing so, they take a holistic approach to the topic—as the example of the Munich Chamber of Commerce and Industry shows.

- **Automotive:** Initially, the focus is on the automobile and its technical development. Alternative fuels such as hydrogen, natural gas or liquefied petroleum gas are gaining ground and can play an important role in the transport market of tomorrow. In addition, e-mobility is a major topic for the Munich Chamber of Commerce and Industry, as the number of registrations of electric vehicles is rising sharply. The Chamber is committed to the development of an electric charging infrastructure (see box below) and provides information on funding. It encourages its members to initiate pilot projects and communicate their commitment to the general public. And in the distance, autonomous vehicles beckon, reaching their destination completely or largely without a driver. The first projects have already started. In the spring of 2018, test trials for so-called “platooning” started on the Munich–Nuremberg motorway. This means that trucks drive one behind the other as a convoy with the help of a high-tech control system without the drivers having to intervene.
- **Alternative means of transport:** At the same time, the Chamber of Commerce and Industry is also introducing alternative transport scenarios to individual transport, such as transport with freight bicycles or car sharing. Or it looks for solutions when new digital car-sharing platforms such as Uber create competition for the traditional taxi companies.
- **Transport and climate protection:** The Munich Chamber of Commerce and Industry does not neglect the role of transport in climate protection. Here, it clearly weighs up environmental protection and economic interests. In order to make transport more environmentally friendly, it focuses on alternative solutions and in particular on the expansion of local public transport.



**Box: Electric Avenue—Driving Forward e-mobility**

In many cities, drivers of electric vehicles have problems charging. Often there are only a few electric charging points, which are used by other road users or occupied by people illegally parking their cars there. With the project “Electric Avenue”, the CCI Munich wants to solve this problem. Parking spaces with charging stations are to be created at central locations that have sufficient space and are less frequented. At such hotspots, there could be a few dozen charging stations operated by private companies. During the night, car-sharing cars could recharge here, thus increasing the economic efficiency of such facilities. Now the CCI has commissioned a research project for “Electric Avenues”. It wants to know which locations are suitable for such an infrastructure, how their efficient operation can be guaranteed and what technical framework conditions must be in place to ensure that the electricity networks are not overloaded. The research project will be completed in 2020.

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**Case Study: Transport Policy Agenda of the Munich Chamber of Commerce and Industry—Optimising Traffic Flows and Promoting e-mobility**

The great importance of transport for the region’s economy prompted the Chamber of Commerce and Industry for Munich and Upper Bavaria to draw up a transport policy agenda in 2016. Primary and honorary members worked together intensively on this matter. The summary of the positions not only shows the demands, but also the complexity and expertise of the CCI’s representation of interests.

- **Improve infrastructure development:** In the prospering region of Munich and Upper Bavaria, the number of inhabitants is increasing just as significantly as the volume of traffic. A strong infrastructure is necessary to meet the growing demand of the economy and population for transport services for goods and passengers alike. It is essential to maintain the existing network of transport modes and to link them intelligently. In early responsible dialogue with the public, the framework conditions must be optimally adapted.
- **A strategic approach to infrastructure financing:** Infrastructure is a service of general interest. Whether roads, railways or waterways—the financing of their maintenance and expansion in line with demand must be secured, regardless of the current cash position. This can be achieved, for example, by earmarking the truck toll or funds from the Municipal Transport Financing Act (GVFG). Private capital in PPP (Public–Private Partnership) projects also serves as a useful supplement to investments in transport infrastructure

- **Develop road as a mode of transport:** Roads are the most important means of transport and form the backbone of our transport routes. According to current forecasts, road traffic will retain the highest share of total traffic volume. Innovative concepts are needed to ensure that road traffic meets the expected challenges. When transporting goods, for example, extended trucks score points with efficiency gains and fuel savings.
- **Promoting rail transport:** The better interlinking of road and rail freight transport will bring strategic advantages in terms of future traffic growth. Easily accessible combined transport terminals and efficient freight transport centres promote the transfer of transport to rail. In addition, the completion of the EU transport corridors is decisive for the business location of Upper Bavaria and the future-oriented use of international main transport axes.
- **Strengthen international and intercontinental air traffic:** Munich Airport has excellent flight connections and an efficient infrastructure. To maintain its position as a hub in Europe in the long term and to meet the forecast growth in air traffic, the construction of a third runway is essential. It must also be quickly accessible from all parts of the region. Another focus is the creation of a “Single European Airspace” together with globally binding climate protection regulations.
- **Expanding inland waterways:** Reliable year-round shipping conditions are a prerequisite for ensuring that the Danube can be used continuously as a federal waterway. This is opposed by the restricted navigable section between Straubing and Vilshofen. Its expansion in line with demand ensures the efficiency of this economically and ecologically sound transport route and the development opportunities for freight transport centres in the Danube ports.
- **Optimise local public transport:** Local public transport plays an outstanding role in connecting rural regions and the mobility of the population, but also as a location factor in the Upper Bavarian economic area. In order to keep it cost-effective and efficient, the bus sector, which is dominated by small- and medium-sized enterprises, must be strengthened and the urban railway (S-Bahn), underground (U-Bahn) and tram (Strassenbahn) networks expanded. Each of these factors relieves the road network and thus contributes to improving the traffic situation and air quality.
- **Keeping cities accessible for commercial traffic:** The urban road network makes it possible to reach businesses in trade, services and industry. It must be available to commercial traffic without unnecessary restrictions. It is therefore important to ensure an efficient main road network and, at the same time, to reduce the volume of traffic in the inner cities, for example by offering attractive public transport services, a well-developed bicycle infrastructure and intelligent parking management approach—also with a view to acceptance by those affected.
- **Making urban traffic environmentally compatible:** The economy and the population with their different mobility needs on the one hand and EU-wide air quality standards on the other hand require sustainable concepts for inner city traffic. New services such as car sharing or trans-shipment areas for delivery

vehicles can help to reduce the volume of traffic. Low-noise and low-emission electromobility and digitalisation in transport also offer great opportunities. The aim is to reduce environmental pollution.

- **Logistics in Germany for growth and employment:** Many other industries depend on the transport and logistics sector. Policy-makers must also take greater account of this at the state level. Bavaria especially, with its strong logistics industry, and Munich, in particular, need an integrative concept if it is to remain internationally competitive. This includes sufficient space and real estate for logistics services as well as appropriate framework conditions for delivery traffic, but also effective measures against the increasing shortage of skilled workers.
- **Projects in Upper Bavaria for transport infrastructure:** Nine examples of infrastructure projects clearly show where the fields of action in Munich and Upper Bavaria must lie. They aim to develop all modes of transport appropriately, to link them more effectively with one another and to make overall use of their respective strengths: for a demand-driven connection of regional commercial transport to the supra-regional transport network, for a high-performance, functioning transport infrastructure.

### Position on e-mobility

At the same time, the Munich Chamber of Commerce and Industry also adopted a position on e-mobility. The short version is:

In the opinion of the CCI, e-mobility must be promoted. Especially in urban commercial traffic, electric mobility has clear advantages. However, this requires significant improvements at federal, state and municipal levels. Among other things, the CCI demands tax relief such as special depreciation options. The position paper adopted by the CCI Transport Committee calls for this at the federal level:

- Tax relief in the form of special depreciation options to offset the acquisition costs of electric vehicles.
- The further improvement of the charging infrastructure on federal motorways and federal roads.

At the state level, the position paper calls for, among other things:

- The change of rules in building law. For example, it would be necessary to move away from the unanimity principle on issues such as that of charging stations in multi-family houses and switch to simple majorities.
- Funds from the parking space replacement should also be used to improve the construction of the charging infrastructure. For example, it should be possible to use these funds to set up electric charging stations for electric cars at Park and Ride sites.

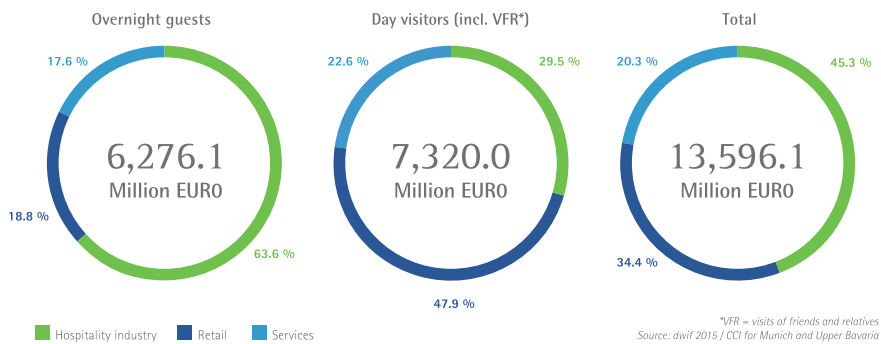
At the local political level, the CCI is committed to this, for example:

- to enable free parking during the charging process
- to simplify the authorisation procedure for setting up private charging stations.

### Fourth Example: Tourism—Expanding Horizons and Bundling Interests

*Munich and Upper Bavaria are sought-after destinations for tourists from all over the world—and not only because of the world-famous Oktoberfest. Nevertheless, success for the industry is not a foregone conclusion. Support is provided by the representation of interests by the Chamber of Commerce and Industry for Munich and Upper Bavaria.*

The tourism and leisure industry plays a major role in the holiday destination of Upper Bavaria. With lighthouse offers such as the beautiful Alpine world, the castles of King Ludwig II, the Oberammergau Passion Festival or the world-famous Oktoberfest, as well as sporting spectacles of global appeal such as the architecturally unique Olympic Stadium, FC Bayern Munich or international championships in Nordic and Alpine disciplines, the region has a strong appeal on national and international markets. An effect that can also be felt in the market for meetings, incentives, conferences and events (MICE), making Munich and Upper Bavaria an attractive destination for conferences, seminars and corporate events. Not to mention the sought-after backdrop for film and TV productions. In some areas, holidaymakers and travellers are even the strongest economic factor of all. (Look at Fig. 7.8.)



**Fig. 7.8** Many industries benefit from tourism in Upper Bavaria

## **Special Need for the Representation of Interests**

As a cross-sectional industry with a far-reaching impact on location quality and other economic sectors, the tourism and leisure industry is, therefore, also an important field of activity for the Chamber of Commerce and Industry. The following applies to all lighthouse locations: The near-exclusive small- and medium-sized industry needs a strong and credible political representation of interests more than others. By jointly developing positions from the Tourism Committee of the CCI and presenting them to the general assembly, the entrepreneurs create the basis for a sound and efficient representation of interests. Especially in view of the fact that numerous social and economic developments such as succession planning, the shortage of skilled workers, globalisation, the sustainability debate and digitalisation are also triggering the development of a special dynamic in the tourism industry.

### **Great importance of the industry**

Tourism may be a pleasure for consumers, but for the companies active therein it is as challenging and exhausting as any other industry. By perceiving the role of the tourism and leisure industry in its true meaning and integrating it into its work, the CCI polishes the supposedly easy-going image of this industry in the sense that, as a designated service industry, it was and is a model and pioneer of many developments—and for some locations in Upper Bavaria, it is vital for survival. No other branch of industry has such a long and wide-ranging experience in dealing with foreign cultures and customers from all over the world.

We also factor in the following points: Tourism policy is also, without fail, a structural policy. In particular, failed projects, such as the City of Munich's bid for the 2018 Winter Olympics, show that opportunities which are not seized or achieved are tantamount to delays or even a standstill in regional development and/or innovation. The CCI sees its task in actively counteracting this dynamic in partnership with the relevant industry associations and locations. This is done, among other things, by promoting young companies and start-ups and by participating in forward-looking, sustainable initiatives in the industry.

### **Important task: Moderating interaction with other branches**

From the point of view of the CCI, an important task also lies in accompanying and moderating the networking and interaction of the sector with other branches of industry.

- For example, developments in the retail trade, the food industry or the construction industry must always be considered in the context of tourism.

- For the quality of the location in terms of employer attractiveness and work-life balance, appealing leisure facilities for individuals and families are of existential benefit.
- Finally, the CCI's commitment to an efficient infrastructure benefits not only the local economy and resident population, but also guests from all over the world, who thus experience high-quality travel.

### **Foundation of the Munich and Upper Bavaria Tourism Association—TOM e.V.**

Thanks to its own structure with regional committees and a general assembly that has an overview of the entire economic area of Upper Bavaria, the Chamber of Commerce and Industry is able to balance out the different interests of individual sub-regions and counteract parochial thinking. In this way, not only can isolated individual decisions be avoided, but different forces and talents can be bundled in the sense of maximising on a common strength. The CCI specifically seeks suitable partnerships in order to prepare a strong basis for innovation and change. This was also the idea behind the CCI's involvement in founding a new tourism association for Munich and Upper Bavaria. After the dissolution of the previous umbrella organisation had left a serious gap, the CCI along with its location and tourism experts provided the tourism industry with organisational and personnel support in order to deliver on a new, higher-level representation of interests. As a founding member of *Tourismus Oberbayern München (TOM) e.V.*, the CCI continues to contribute its know-how to the work of the association to this day.

### **Digitisation offensive “Upper Bavaria—really digital”**

In addition to joint initiatives with TOM, examples of the CCI's representation of interests include those with the Dehoga Bayern hotel and restaurant association, which flow into the development of the location and help to open up future potential. This is also where the potential of the CCI becomes apparent, which does justice to the local characteristics of the leisure industry through its regionalisation and knowledge transfer. Conversely, a successful host industry positively shapes the image of the entire economic region—beyond its own borders. A current example of such an initiative is the digitalisation offensive “Upper Bavaria—really digital” (“Oberbayern—Echt digital”). Together with TOM e.V. and Dehoga Bayern, District of Upper Bavaria, the initiative was launched in response to the digital hot spots in the industry. Through various measures, such as workshops for sector companies, the training of eCoaches in the destination management organisations and the establishment of an eLearning programme, the level of digitisation is to be increased on a sustainable basis. This will, in turn, have a positive effect on regional service providers for digital tools and services. They bring both their

know-how and their regional proximity into play in order to create innovative solutions together with their customers—which in turn can then be marketed outside the domestic economic area. This ranges from the development of apps to comprehensive support for the “customer journey”, i.e. the path travellers take from searching for and booking a holiday, through to the stay and its evaluation, to subsequent rebooking out of a conviction that what they have found is great. Another positive consequence of this strategy is a strengthening of the local start-up scene—also a central concern of the chamber of commerce and industries.

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### **Fifth example: Legislative work—the general representation of interests with statutory knock-on effects**

*In a constitutional state such as the Federal Republic of Germany, the overall representation of interests always involves the assessment of laws and regulations. The Chambers of Commerce and Industry are involved in this—by examining and commenting on new draft laws for their consequences for companies or by making their own regulatory proposals. In this way, they are always very successful—not least at federal level.*

An important task of the CCIs is their legislative work. It is one of its public tasks assigned by the state, but above all, it is also an expression of the overall representation of interests and the associated advisory role vis-à-vis the political sphere. The CCIs examine draft laws, estimate their consequences, but also take the initiative and bring their own reform proposals into the discussion. From the point of view of the CCIs, the same questions are always behind the assessment of draft laws or the initiation of new rules. What consequences does an existing or future regulation have for companies? What advantages and, above all, what disadvantages does an existing or new law have for a company? Does it hinder the company in its activities or does it promote the company? Does it also ensure equality of competition or, if necessary, inequality in an international comparison? What can be done better for the economy? Which solutions fit? Because laws should not be written without taking into account the economy and its interests.

The Chamber of Commerce and Industry for Munich and Upper Bavaria is very active in the field of legislative work—both in Bavaria and throughout Germany and Europe. Primary and honorary offices work closely together as a well-rehearsed team. In order to gain more clout, the CCI Munich cooperates with other Chambers of Commerce and Industry in Bavaria, the Association of Bavarian Chambers of Commerce and Industry, as well as with the CCI umbrella organisation, the Association of German Chambers of Commerce and Industry, other networks, associations and organisations and also with the scientific community. The CCI disseminates the positions adopted in the expert committees, working groups or the general assembly not only through all available communication channels, but also by participating in Germany-wide working groups and committees, by maintaining contacts and networks with political and official decision-makers. Often, however,

face-to-face meetings with politicians also take place directly in talks and discussions with members of parliament and government—so that the role of the CCIs in legislation is not immediately visible.

The list of laws on which the Munich Chamber of Commerce and Industry in particular has also exerted influence is now quite long: It was in the federal government's expert group on the Mediation Act, it managed to have the 3 + 2 regulation for refugees included in the Integration Act (see also Article "Integration of refugees" above). Various issues of labour and banking laws are currently on the agenda. Just how persistent legislative work leads to advantages for companies and how the discourse with politicians is carried out in practice are illustrated in several case studies below: on insolvency law, tax law and the general data protection regulation.

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### **Case study 1: Law to further facilitate the restructuring of companies (ESUG)—revitalising crisis-torn companies instead of winding them up**

It is 2009, and Germany, like many other countries at this time, has also been plunged into an economic crisis by the turbulence in the financial sector. Even in economically stable Bavaria, the number of corporate insolvencies is rising significantly. The Chamber of Commerce and Industry for Munich and Upper Bavaria has taken this as an opportunity to make a differentiated analysis of the existing insolvency law situation and has noted that the number of insolvencies is rising, on the one hand because of the crisis, but also because companies often file their insolvency applications too late and, in addition, because they make too little use of the existing so-called insolvency plan procedure, which is designed to enable ailing companies to restructure. The consequence is that companies can then only be broken up and wound up by the insolvency administrator instead of being restructured. Why is this the case? Applying for insolvency is accompanied by shame, fear of stigmatisation and loss of control. So the insolvency application is delayed until it is too late. Failure is not allowed in Germany—a belief that is firmly anchored in the collective German consciousness. At the same time, however, the insolvency plan procedure is proving to be practically insufficient to really save ailing companies and is, therefore, hardly ever used as an option. Analysis by the CCI experts is confirmed in many consulting discussions with companies, lawyers and insolvency administrators. Conversely, however, this analysis also means that, particularly when seen against the background of the current crisis at the time, more companies could be saved if they had filed for insolvency earlier and if the insolvency plan procedure had been improved, i.e. they would not have to be broken up or wound up.



## Obvious necessity for an insolvency legal form

The logical conclusion is that Germany needs a comprehensive reform of insolvency law that focuses more than ever on rescuing companies. In other countries such as France or Great Britain, a similar debate is underway at this time, while the United States of America has long had a model in place with its famous Chapter 11, which places reorganisation before liquidation. The Chamber of Commerce and Industry for Munich and Upper Bavaria joins forces with the Chamber of Commerce and Industry for Swabia in Augsburg and two insolvency lawyers to form a group of experts who have drawn up ten precise theses for a reform of insolvency law. These include these four central measures for preserving the company, which are seen by entrepreneurs on the one hand, but also by creditors, as playing an expanded role:

- **Introduction of a business protection shield like Chapter 11 in the USA:** The experts recommended a creditor protection procedure prior to insolvency, as it exists in the USA. This protects a company in crisis from access by creditors for a certain period of time, thus giving it time to undertake further restructuring attempts or to prepare the insolvency plan procedure to restructure the company.
- **Strengthening the principle of self-administration by the entrepreneur—including during the insolvency phase:** This should make it possible for the entrepreneur to remain in a position of responsibility in the insolvency plan and restructuring phase and not to have to relinquish all decision-making authority to the external insolvency administrator who is placed at their side in this phase under German law. This means that the entrepreneur's knowledge, competence and network are also available for the restructuring.
- **Possibility of creditors becoming shareholders:** Here, creditors should be given the option to convert their previous debt into equity and thus become co-owners. According to the CCI, this increases the creditors' interest in maintaining a company.
- **Stronger influence of the creditors on the choice of the insolvency administrator:** The insolvency administrator has so far been appointed by the insolvency judge, but the creditors are the ones affected and should be able to have a say, according to the arguments put forward.

## Representation of Interests in Practice

In this chronology, the ideas became a new law:

- **8 July 2009—Start:** The working group on “Insolvency Law” meets for the first time.
- **25 September 2009—Involvement of the umbrella organisation:** The working group on “Insolvency Law” meets with the CCI umbrella organisation, the

Association of German Chambers of Commerce and Industry in Berlin, and gets it on board: The result is a thesis paper with ten proposals for corporate restructuring in insolvency. These ten proposals correspond to the proposals of the Munich working group “Insolvency Law”.

- **18 November 2009—Adoption of an official position paper:** The Association of German Chambers of Commerce and Industry Board adopts the position paper “Ten proposals for corporate restructuring in insolvency”.
- **19 November 2009—Dissemination of the position paper:** The position paper is handed over to the then acting Federal Minister of Justice Sabine Leutheusser-Schnarrenberger, to members of the Bundestag and the Bavarian Ministry of Economic Affairs.
- **20 November 2009—Reaction of the business press:** The business daily newspaper Handelsblatt publishes the wording of the business proposals.
- **12 March 2010—Visit by the Federal Minister of Justice to Munich:** Federal Minister of Justice Leutheusser-Schnarrenberger finds the paper so interesting that she pays a personal visit to the Munich Chamber of Commerce and Industry. The Minister of Justice exchanges views with CCI experts, but also with additionally invited companies and launches a draft law that implements the Munich Thesis Paper.
- **24 February and 22 March 2010—CCI resolutions:** The steering committee and general assembly of the Munich Chamber of Commerce and Industry also adopt the paper.
- **27 October 2011—Adoption in the Bundestag:** The law to further facilitate the restructuring of companies (ESUG) is adopted by the Bundestag.
- **1 March 2012—Entry into force:** The ESUG enters into force. Among other things, the four ideas of the Chamber of Commerce and Industry outlined above have been incorporated into the law.

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## **Case Study 2: Cooperation in Tax Procedures—Modernising Tax Law**

The Chamber of Commerce and Industry for Munich and Upper Bavaria is working hard and successfully for greater cooperation instead of confrontation in tax proceedings. This is also the title of the first, ground-breaking position paper on the subject, which the CCI experts and the Finance and Taxation Committee launched in 2016. In doing so, they also advocate more fairness and responsibility in the tax system. The position paper is based on a study by the Ruhr University Bochum and the European University Viadrina in Frankfurt an der Oder.

- **Idea:** Companies would benefit from a change of course towards cooperative tax procedures and authorities. This would give companies greater planning and legal certainty, reduce their liability and tax risks and cut their bureaucratic costs. But the state also benefits from more balanced, efficient and resource-saving taxation.
- **Practical concept:** The study was based on the principles of the Authorised Economic Operator (AEO) in customs law. This means that a company cooperates with the tax authorities. The prerequisite is that it has a competent tax department, good tax standing and an internal control system. The company also discloses risk issues at an early stage. In return, the authorities issue tax assessment notices quickly, without reservation of review, and refrain from external audits if no risk-related facts exist.
- **Developments at EU level:** With their innovative thinking, the chamber of commerce and industry experts and the Finance and Taxation Committee are at the forefront of opinion-forming. The EU Commission in Brussels, for example, is also on the ball with the concept of the certified taxpayer, which is presented in 2017 as part of its proposal for VAT reform.
- **New practice:** Under the EU Commission’s proposals, member states could declare those companies that meet certain criteria to be Certified Taxable Persons (CTP). This would be accompanied by simplifications and relief. In order to do so, the companies must prove that they meet standardised requirements, such as that they have internal control systems and are solvent.
- **Further use and further proposals by the CCI Taxation Committee:** The Finance and Taxation Committee considers this EU proposal to be a sensible idea, although it certainly needs to be further developed in terms of its details. In its position paper, it had advocated even greater cooperation in the tax procedure. Especially given that companies nowadays are prepared to participate more—in the form of increased, voluntary transparency. However, the state must provide the right incentives for this by offering advantages in the procedures to companies that cooperate. Regardless of size, every company should be able to achieve this status without excessive bureaucratic and financial burdens. The CCI continues to advocate this further development.

In its latest position paper entitled “Steuern digital—Impulse richtig setzen”, the CCI takes up the topic of cooperation again: In times of progressive digitalisation, it calls for securing competition and keeping the risks for the local location low. Therefore, politics should support companies in their innovative and investment power and not burden them. It would be important to make tax procedures modern, digitally supported and practical. There is a need for action above all in e-government and in the way the state and companies interact. At the same time, the CCI is against the digital tax. According to the proposals of the EU Commission, this new tax should, as an interim solution, tax the turnover of Internet companies in the country where the users are located. However, the CCI argues that this would create risks for local companies and for Germany as a business location in general.

### **Case Study 3: Inheritance Tax—Do Not Endanger Succession**

The Chamber of Commerce and Industry for Munich and Upper Bavaria also implemented improvements for companies that are currently in the process of succession or are planning a handover of control. It committed itself with position papers and networking to ensure that the inheritance tax rules, which were amended in 2016, are such that they do not endanger the succession—and with great success.

- **Background:** In December 2014, the Federal Constitutional Court in Karlsruhe had already criticised the existing inheritance tax law. According to their mandate, politicians should adopt the law by June 2016.
- **Mission of the Constitutional Court:** In principle, the highest judges had confirmed the inheritance and gift tax and thus also the possibility that the legislator may continue to support companies with tax benefits for succession. However, it had to correct the law in three particular points: Firstly, the court criticised the excessively broad exemption rules for small businesses. Secondly, it criticised the possibility of also being able to favour large family businesses and demanded a needs test for this. Thirdly, it called for revised rules on administrative assets.
- **Draft bill:** In mid-2015, the Federal Ministry of Finance presented a draft bill that went far beyond what would have been necessary to comply with the corrections that had been called for. The business community—including the Chamber of Commerce and Industry organisation—vehemently objected to this. Therefore, the parliamentary factions of CDU, CSU and SPD developed another compromise proposal, which contained not only positive but also problematic rules.
- **Criticism and commitment of the CCI:** The proposal still takes too little account of the structure of medium-sized companies in Germany and criticised the Association of Bavarian Chambers of Commerce and Industry and numerous business organisations at a meeting with politicians in the Bavarian State Chancellery. In a joint statement, many business associations throughout Germany subsequently warned that the reform would lead to a massive additional burden on companies. In July 2017, the then Bavarian Minister of Finance Markus Söder pushed through a special way to ensure that specific administrative rules would apply to heirs in Bavaria that would reduce the burden on them.

## **Case Study 4: EU Data General Data Protection Regulation (GDPR)—Fighting for Pragmatic Data Protection**

The cut-off date was 25 May 2018: On this date, the EU General Data Protection Regulation (GDPR) finally replaced the former EU Data Protection Directive after a two-year transitional period. And by then, all companies should have implemented the new regulations. However, expert advice is still needed on such a complex issue. The chambers of commerce and industry also felt obliged to provide intensive support to companies and are still doing so. They offered (and continue to offer) extensive reliable information material or webinars, organise events, practical seminars and roadshows, publish sample texts and forms and are available as initial advisers for company enquiries. In this respect, the level of cooperation, especially within the Bavarian Chambers of Commerce and Industry (CCIs), is comprehensive: If one Bavarian CCI provides helpful information or tips, the others refer to it.

### **Start of Legislative Work Six Years Before the Law Comes into Force**

Nevertheless, the commitment of the Chambers of Commerce and Industry to the general data protection regulation began much earlier in secret. As with all extensive and momentous legal innovations for the economy, the chambers of commerce and industry were involved in the legislative process at an early stage, either individually or together, as well as through the Association of German Chambers of Commerce and Industry, in order to finally obtain comprehensible, understandable and practicable regulations for companies in consultation with them. For example, the Legal Committee of the Chamber of Commerce and Industry for Munich and Upper Bavaria had already had a resolution on this topic passed by the Chamber of Commerce and Industry general assembly in 2012, a full six years before the EU general data protection regulation came into force.

### **Critical 16-Point Resolution**

In this resolution, the data protection experts took a detailed stand on 16 points regarding the GDPR regulations. The Chamber of Commerce and Industry agreed that it was essential to formulate uniform data protection regulations for the whole of Europe and to replace the 1995 Data Protection Directive. The latter had been created at a time when the World Wide Web was still in its infancy, so that rules for handling data on the Internet could not even be anchored in the EU Directive. At the same time, the Chamber of Commerce and Industry specifically called for the outset for practice-oriented regulations as well as for a balanced and appropriate data protection law with comprehensible wording. The following points were particularly important to the CCI:

- **One-stop-shop principle:** It wanted to avoid a situation where a company with subsidiaries in different European countries would have to deal with several data protection supervisory authorities. According to the one-stop-shop principle, only one supervisory authority in the country of the company headquarters should be responsible.
- **Consent:** It also advocated that in future, too, consent under data protection law should be generally permissible in the course of the right to informational self-determination (for example, in the context of employment).
- **Data exchange:** It stressed that data exchange with bodies in third countries must be facilitated and made legally secure. For globally operational companies, it was also important to ensure an appropriate exchange of data within groups of companies.
- **Limitation of the right of associations to take legal action:** When a new law comes into force, companies are often faced with a wave of warnings because a large number of companies fail to implement the new regulations in time or in full. As a rule, dubious warning letters are not concerned with data protection, but with financial gain. This is one of the reasons why the Chamber of Commerce and Industry spoke out against the right of action by associations and organisations and achieved a limitation of those rights to action by associations and organisations which fulfil the requirements of Art. 80 Para. 1 GDPR.
- **No extension of information and disclosure obligations:** The CCI rejected the extension of information and disclosure obligations. These would place a considerable burden on the economy but would not benefit the individual, because the content is no longer perceived once a certain amount has been reached.
- **Regulation on the obligation to report:** It found that an obligation to report any violation of the protection of personal data was too extensive. It would make sense to limit this to serious impairments affecting sensitive data. In addition, the notification of data subjects should be dropped without replacement in cases where the rights of individuals are no longer at risk.

### **Concerted Action by Many Stakeholders**

Since one person alone can always achieve less than several stakeholders put together, the data protection experts at the Chamber of Commerce and Industry for Munich and Upper Bavaria also decided to join forces. Together with other CCI experts and companies from various sectors, they formed a working group on “data protection” at the state level (Association of German Chambers of Commerce and Industry) with roughly 30 members. Together with some representatives of this group, they travelled to Berlin and Brussels to exert direct influence on the legislative process at the EU. They also exchanged views with other European colleagues from Austria and Italy. At national and European events (always in coordination with the responsible Bavarian Ministry when operating at Brussels level) on the subject of the GDPR, they always appeared as a Bavarian association

—sometimes also together with chamber representatives from other European countries. In this way, they were able to demonstrate the importance and unity of the topic across the states and to give sufficient emphasis to their demands. Topics were primarily those mentioned above, such as the consent rules or the introduction of the one-stop-shop principle. In addition, the latest drafts of the GDPR were repeatedly studied and discussed together, and suggestions for amendments were made with the companies in mind.

## Successful Application

Even if not all the demands of the CCI were ultimately implemented, the effort was worthwhile, as the following examples illustrate:

- **Introduction of the one-stop-shop principle:** An internationally active company with headquarters in the EU and subsidiaries in other EU countries does not actually have to deal with different data protection supervisory authorities. With the one-stop-shop principle, in the case of cross-border data processing for companies and their subsidiaries, only one lead supervisory authority at the seat of the head office is responsible (Art. 56 Para. 1, Para. 2 GDPR). The one-stop-shop principle now also applies nationally to companies if they have branches in several federal states (Art. 40 Para. 2 German Federal Data Protection Act [BDSG]).
- **Consent:** It still applies. The processing of personal data is generally forbidden, unless the data subject has given his or her consent. Consent will therefore also play an important role under the GDPR in determining the permissibility of data processing and will offer companies the opportunity to process personal data on a secure basis.
- **Protection against the misuse of warning notices:** The CCI also succeeded in protecting companies as far as possible from dubious warning notices. Art. 80 Para. 1 GDPR states that affected persons who feel that the protection of their personal data has been violated can be represented by associations as plaintiffs if companies do not or not sufficiently implement the regulations of the GDPR. However, these associations must meet the strict requirements of Art. 80 Para. 1 GDPR.

## Fine Tuning for Practice

The Chamber of Commerce and Industry for Munich and Upper Bavaria is currently still in dialogue with central players such as the Bavarian State Ministry of the Interior and for Integration and the Bavarian State Office for Data Protection Supervision with regard to the GDPR, in order to achieve further relief for companies in the process of implementation. This too is paying off: In Bavaria, for

example, general information on how to deal with data protection must now be given in the main document (e.g. contract, consent), but the rest may be shown in an overall document on the homepage—a regulation that other federal states may also adopt.

At the same time, the CCI is working in the background at full speed on further new legal regulations. The GDPR has been completed to date. But now other European and national laws regulating data protection issues must be adapted.

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## **Communication—Strategically Positioning the CCI**

*A CCI must become visible, because only then can it advance its topics, especially in the sense of representing overall interests. The CCI for Munich and Upper Bavaria has strategically realigned its communication for this purpose and also adopts a multimedia approach to its communication efforts on all channels.*

333 daily newspapers, 22 weekly and six Sunday newspapers, 1,607 popular magazines, more than 145 television stations and not to forget the countless offers on the Internet (including the many social networks)—there has never been so much diversity in the media landscape in Germany before. Anyone who does not want to be lost in this gigantic offer as a provider of content and messages, but wants to be visible, has to come up with something special. This also applies to a chamber of commerce and industry. In accordance with its legal mandate, it wants to (and must) inform its members and present its positions to the outside world in the interests of representing the overall interests of the chamber. The Chamber of Commerce and Industry for Munich and Upper Bavaria has, therefore, declared communication to be a strategic field of action and repositioned it in order to achieve the greatest possible effect.

## **Special Communication Challenges for a CCI**

Since a chamber of commerce and industry is an organisation with some legal peculiarities, it is necessary to consider various challenges when strategically reorienting communication.

- **Heterogeneous target groups:** The target groups to which a CCI must address itself communicatively are very heterogeneous. Among its members, a wide range of industries and company sizes are represented, from the solo self-employed web designer and the greengrocer with three employees to the medium-sized hidden champion or the globally operating, listed industrial group. They are all members by law. At the same time, there are the founders of new businesses, i.e. the future members. They too should also be addressed by the CCI. In addition, trainees (and their parents) and trainers must be involved in CCI communication. The same applies to all members who volunteer their time



in the general assembly, the regional and specialist committees. And last but not least, politics and administration, other business representatives, the public and the media are among the addressees of CCI communication. Their information needs are as heterogeneous as the target groups. The following also applies to the members: They must be informed individually and according to their needs, but in certain areas, they all need the same level of information. For example, the magazine or newspaper “Wirtschaft” has its own organs (see also case study), which are sent to all members and through which the CCI publishes legal regulations. This duty of notification is anchored in the statutes.

- **Balancing requirement:** To draw attention to ideas or deficits with a provocative formulation is part of everyday life in politics. However, a chamber of commerce and industry is obliged to take into account the entire spectrum of opinions of its members, including relevant minority opinions, and to argue in a considered yet not pointed manner. This is required by law and has been specified in more detail by decisions of the Federal Administrative Court and the Federal Constitutional Court, most recently in July 2017. In times of media diversity, in which everyone has to fight for attention, such a requirement can sometimes become an obstacle. Case law also demands that chambers of commerce and industry leave out certain topics: They are not allowed to comment on topics that have no economic relevance.
- **Diverse media use by members:** The last, albeit not legally driven, item on the list of challenges is the increasingly changing use of media. Germans watch almost four hours of television a day, spend an average of two and a half hours on the Internet and most of that time is now spent using social media. This development must also be taken into account in the communication strategy of a chamber of commerce and industry. While older members often still prefer print media, the younger ones increasingly expect Facebook posts and tweets.

## Holistic Communication Strategy

The initial situation was therefore complex. Under these conditions, it was now a matter of developing a communication strategy that would increase the perceptibility of the CCI, especially with regard to the overall representation of interests among its members, in the public, in politics and in administrations.

## The Communication Strategy in Detail

These are the pillars on which the new CCI communication strategy is now based:

- **CCI brand identity:** The fact that the CCI organisation, with 79 individual chambers of commerce and industry nationwide in 2015, has given itself a uniform brand identity plays into the broader intention behind the new strategy:

“Together we take responsibility” is the guiding principle (see also interview Chap. 2). This gave the communication work an overarching value-driven sense of orientation, a concrete promise of benefits and more visibility—even nationwide. All communication measures and contents of the CCI for Munich and Upper Bavaria will also be successively aligned to the brand identity.

- **Economic policy guidelines and general assembly positions:** The regulatory policy guidelines, the economic policy positions of the umbrella organisation Association of German Chambers of Commerce and Industry (Wipos) and the general assembly positions are an important basis and framework for the CCI’s communication work for Munich and Upper Bavaria. The regulatory framework is adopted anew by the general assembly in each legislative session, the Wipos are adopted annually and the general assembly position papers are adopted on a case-by-case basis (see also the article on Standards, Chap. 2).
- **Uniform Corporate Design (CD):** The CCI’s self-image also includes a homogeneous visual appearance. This creates recognisability, which also leads to greater visibility. Everything published in the name of the CCI Munich has a uniform look and feel. A separate colour, form and image world was developed for this purpose. It is the visual anchor of the CCI CD and can be found on the website, on all print products, in PowerPoint presentations or on the external appearance at events.
- **Sound, relevant—and differentiated—content:** It goes without saying that content published by a chamber of commerce and industry should always be relevant, well-founded and practical. This is also part of the legal mandate of corporate promotion. This is where the specialist departments come into play. They are well informed on all specific issues—from training to customs documents—and recognise relevant topics at an early stage, for which they prepare members. The specialist departments provide the basis for the content that the CCI publishes. The communications department translates this content into understandable information that is tailored to the target group. By differentiating the content and preparing it in various forms from print to online, the CCI can also meet the heterogeneous specialist information needs of its target groups.
- **Representation of interests and values:** In addition to specialist information, a chamber of commerce and industry is always concerned with the overall representation of interests. This means that a chamber of commerce and industry takes up topics that are currently (or will be) relevant to the economy in the future and on which the general assembly has made decisions. In doing so, it responds to government work and current challenges such as the shortage of skilled workers or the energy transition. But it also sets forward-looking topics.
- **Authentication of the published contents and positions by business voices:** The information and positions of a chamber of commerce and industry are based not least on the input and assessments of its members. This is why they always have a voice in the communication of the CCI Munich—and thus share their knowledge. This is more important than ever for the CCI. President and vice-presidents, committee members or even members without a mandate are

quoted and thus make the communication of the CCI both authentic and credible.

- **Multi-channel communication:** The CCI for Munich and Upper Bavaria is equally at home in print and online communication. Within the respective media, it harnesses the most diverse channels and utilises them to their full potential in a cross-medial setup. The individual measures are coordinated in a playbook so that they can mutually reinforce each other's effect. At the same time, the CCI also serves the heterogeneous media needs of its members and reaches both older and younger members.
- **Website:** Online the website presence forms the basis. Clearly structured content with search engine optimised texts guides through all specialist topics and provides users with useful information as well as political positions. This happens in texts for reading or downloading, in blogs, photos, films and webinars. A separate CCI online download centre has been created for downloads, where users can also find information material from other Bavarian Chambers of Commerce and Industry.
- **Special websites:** The basic website is combined with special websites such as the "Weiterbringer" or "Pack ma's digital" online presences. Here, special contents are summarised on separate sub-websites. The "Weiterbringer" portray initiators, role models and encouragers, i.e. people who are breaking new ground in business. "Pack ma's digital" summarises the entire range of digitisation services offered by the Chamber of Commerce and Industry (see also the article on digitisation in this chapter).
- **E-mail newsletter:** In order to keep members up to date with the latest developments and to inform them, there is also an e-mail newsletter that can be ordered individually according to the topic of interest.
- **Social media:** At the same time, the CCI makes use of social media diversity. It is present on the portals Xing, Facebook, YouTube, Twitter, Snapchat and WhatsApp. In addition to the general CCI offerings on these channels, there are also individual groups such as the closed CCI Facebook group "unternehmerinnen.digital", which specifically connects female entrepreneurs.
- **Print:** The CCI also publishes a wide range of printed matter. The CCI magazine is published every month and the CCI newspaper every three months (see also the case study below). Both are classic corporate publishing media. In addition, the specialist departments produce many different brochures on relevant content or even publish studies.
- **PR:** Classic press work is also part of the communication strategy: The CCI implements around 600 press releases and around 50 press conferences every year.

## **Volunteer Communication**

For the honorary office, i.e. the members who volunteer in the general assembly, in specialist and regional committees, the Munich Chamber of Commerce and Industry has established its own protected Internet communication, which can only be used with special authorisation. The volunteers receive additional information here—such as documents relevant to the respective meetings.

## **Employee Communication**

A holistic communication strategy also includes the employees. They are also to be understood as a target group for communication: On the one hand, employees receive up-to-date information on all employee matters on the Intranet—such as new employees, staff council meetings or visits to the company doctor. The Intranet is also an important information and networking platform for their work. In an internal Wikipedia, they can find information on general content and formal regulations that are important for their work. They can also make suggestions and improvements here.

## **A Look into the Future**

The new orientation of communication was accompanied by the demand to make communication work measurable. The CCI regularly evaluates its communication measures, checks claims and achievements and thus optimises the overall strategy.

With its strategic communication, the CCI has set high standards for Munich and Upper Bavaria. At the same time, it is only one, albeit the largest, of 79 CCIs. In order to make the CCI organisation more visible overall, the Munich-based CCI believes it would be important not only to bring the entire CCI organisation together under one brand, but also to give it a uniform visual face more clearly than before. The CCIs are now conducting this discussion. Some have adopted the Munich Corporate Design.

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## **Case Study: CCI Magazine and CCI Newspaper—Scoring with Printed Content**

If the CCI general assembly is newly elected, or adopts a political position, adjusts fees and membership dues, accepts the budget or appoints a new Chief Executive, the members must be informed in writing. This is required by law. The CCI for Munich and Upper Bavaria embeds such information in a journalistic environment:

The legally prescribed publications appear in a printed magazine and newspaper and are accompanied by business journalistic articles that are of high quality both in terms of layout and text. This means that readers not only receive the legally prescribed announcements themselves, but also relevant added value.

## **Target Group-Oriented Communication Through Two Publications**

The CCI for Munich and Upper Bavaria is the largest CCI in the Federal Republic. Its members consist of medium and large, but also very small companies or solo self-employed persons. In order to meet the partly different needs of these two groups, the CCI issues two publications. Both are entitled “Wirtschaft” (“Business”): The magazine is aimed at all companies entered in the commercial register, which are predominantly medium-sized companies. The newspaper, on the other hand, also focuses on the small to very small companies not entered in the commercial register. The circulation of the approximately 80-page magazine is around 110,000, while the 16-page newspaper has a circulation of around 240,000 copies. The magazine is published monthly, and the newspaper quarterly.

## **Development of the Contents**

In terms of content and strategy, both publications are integrated into the overall communication strategy and cross-media networked with the other channels. The content is created in the editorial conferences, in which the specialist departments provide their input. But readers and collaborating journalists also stimulate certain topics. The articles reflect the entire range of tasks of the CCI—from service topics to respectable business people.

## **Implementation of the Contents**

The CCI explicitly relies on professional journalism for the realisation. For both publications, a team of business journalists with a chief editor at the head writes the texts. In order to ensure that the expectations and needs of the readers are met in the long term, there are rounds of newspaper reviews. Here, readers are allowed to comment on everything from layout and forms of presentation to content and style, so that the magazine and newspaper can continually adapt to the needs of the readers. The credo here is the magazine and newspaper should be so attractive that they can compete with the popular magazines at the newsstand. And they do. The feedback from readers is clear: Despite their limited time, entrepreneurs enjoy reading magazines and newspapers because they feel well informed.

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# The Honourable Merchant— Foundations and Guidelines Steering All CCI Work

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Gabriele Lüke and Ulrich Pfaffenberger

The honourable merchant has always been the ethical point of reference for the work of the CCIs; as a cross-cutting issue, it also touches on all other areas. This chapter translates the model of the honourable merchant into modern times and into practical work. It begins with an in-depth interview with Gerti Oswald, Chief Executive of the Association of Bavarian Chambers of Commerce and Industry and responsible for CSR (Corporate Social Responsibility) at the CCI for Munich and Upper Bavaria. She explains the idea of the honourable merchant and its special significance for today. Afterwards, an overview will show how the CCI Munich carries the mission statement into the companies, namely with the help of a staff unit reporting directly to the primary management team, which was established six years ago. The implementation of the mission statement also envisages that the Munich Chamber of Commerce and Industry clarifies which political framework conditions are necessary for responsible business—in order to then stand up for the interests of the members in the best possible way and support them accordingly. In addition, the CCI empowers its members with guidelines and instructions to better embed the mission statement in their companies. This chapter also provides examples of this. Finally, mediation and arbitration, two formats of out-of-court dispute resolution, are presented. Not taking a dispute to court immediately, but resolving it out of court first, is also the highest expression of honourable commercial behaviour for the CCI. The chapter ends with six portraits of businessmen and women who uphold the values of the honourable merchant.

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G. Lüke (✉)

Konturprogramm—Unternehmenskommunikation, Munich, Germany

e-mail: [g.lueke@konturprogramm.de](mailto:g.lueke@konturprogramm.de)

U. Pfaffenberger

Journalist, Pfaffing, Germany

e-mail: [upf@ulrich-pfaffenberger.com](mailto:upf@ulrich-pfaffenberger.com)

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- Interview with Gerti Oswald: The honourable merchant—providing orientation sustainably
- The CCI brand identity—putting ethics into practice
- Corporate Social Responsibility (CSR)—bringing the honourable merchant into business
- CSR studies—identifying and fulfilling members' needs
- CSR guidelines—helping companies on their path towards responsible business practices
- CSR within the CCI—more responsibility together
- Out-of-court dispute resolution—charting a shorter route to a win-win situation
- Portraits

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### **The Honourable Merchant—Providing Orientation Sustainably**

*The foundation and guideline for the work of the CCI is the model of the honourable merchant. He stands for fair, sustainable and responsible business. An interview with Gerti Oswald, Managing Director of the Association of Bavarian Chambers of Commerce and Industry and head of CSR (Corporate Social Responsibility) of the CCI for Munich and Upper Bavaria.*

**Gerti Oswald, Photo Credit: CCI for Munich and Upper Bavaria/Goran Gajanin\_Das Kraftbild**



**The Chambers Of Commerce and Industry has to work for the preservation of the decency and morals of respectable business people. This is stated in the CCI law. This formulation sounds quite old-fashioned, to be honest...**

The honourable merchant is essential to the understanding of the chamber of commerce and industry movement. He has always shaped our work. The model of the honourable merchant originated in the Middle Ages and is therefore indeed very



old, but certainly not *old-fashioned*. On the contrary: the idea is absolutely timeless, even more modern than ever.

**What exactly does the mission statement stand for?**

The honourable merchant began as a generally unwritten agreement among businessmen to treat each other fairly: An honourable merchant seals a deal with a handshake and is honest and reliable. For centuries, the guiding principle was the only guarantee for orderly trade as opposed to robbery. At the same time, an honourable merchant always treated his employees fairly and did a great deal for society.

**How would you translate the honourable merchant into the present day?**

The modern honourable merchant acts sustainably and responsibly in a comprehensive economic, social and ecological sense. He wants his company to grow—but not at the expense of others, his employees or partners, society or the environment. At the same time, he acknowledges that such behaviour also represents an entrepreneurial opportunity to strengthen his company's competitiveness, innovation and sustainability. The management approach that expresses the model of the honourable merchant and his values particularly well is Corporate Social Responsibility—CSR. It is this approach that we as CCIs strive to establish in the operational practice of companies.

**And the handshake is still enough for respectable business people today?**

In principle, yes, if two business people who are guided by these values shake hands, the transaction should still be essentially sealed today. But the economy and the law have also become very complex at the same time. It would therefore be negligent to forego well-structured contracts.

**If you look at the development of the world as well as responsible and sustainable business, the guiding principle of the honourable merchant is ultimately also the imperative of the hour?**

Absolutely. In fact, we are facing complex structural upheavals. Whether fair globalisation, curbing climate change and resource consumption, digitisation or poverty reduction—business can, must and wants to make a contribution locally but also globally. Otherwise, we will not be able to master these challenges. Taking responsibility in this sense secures the future—and ultimately the economic foundations of our society. And not only for ourselves at this specific point in time but also worldwide and for future generations. And this is only possible with “honourable merchants”.

**The legislator had included the model of the honourable merchant into the CCI law as early as 1956. Why does this still fit today?**

The CCIs stand for economy in self-governance—the economy should organise itself, develop of its own accord, and represent its interests. But this self-governance also needs anchor points. These are laid out in the model of the honourable merchant. First and foremost the legislator offers orientation with this model. In doing so, it falls back on a model that has existed for a long time and that the economy shaped itself, that is firmly anchored in the collective consciousness of companies and that

has proven itself time and again. At the same time, the mission statement also makes demands on the economy: namely to look beyond one's own horizon and not just to strive for personal advantage. Thus, guidance in the form of the honourable merchant is not only beneficial to the economy itself, but to society as a whole.

**Does this also mean that the values of the honourable merchant run through all of the CCI's work: the tasks assigned by the state, company promotion and the representation of overall interests?**

The mission statement is the foundation and guideline for our work. It should always be present in all areas of activity and provide impetus.

**How do the companies themselves contribute to the implementation and further development of the mission statement in the general assembly and the regional committees?**

The impetus to make the mission statement more visible came from the business community. We had a financial and economic crisis in Germany 10 years ago. The media and the population took companies, their part in the crisis, and their failures to act, to court. The economy had to answer many questions: How responsible am I really in my business? How do I deal with suppliers, partners, employees, competitors? The time was right to recall the model of the honourable merchant, to take it more seriously again, and to revive it. The decisive impulse was given by Professor Dr. Dr. h.c. mult. Erich Greipl, who himself was both a successful entrepreneur and former president of the Munich Chamber of Commerce and Industry. In the meantime, we as the Munich Chamber of Commerce and Industry, together with the honorary office on site in Munich and Upper Bavaria, in Bavaria itself and throughout Germany, are working to ensure that the honourable merchant increasingly becomes the blueprint for all business decisions.

**Does it sometimes come to controversial debates, contradictions and disputes between the primary and honorary office or among the companies themselves as to what the honourable merchant means and how it should be implemented?**

Discussions are part of the process and we meet them as they arise. But it is true that what is good in terms of social responsibility can initially mean costs or effort on behalf of an individual company. This is precisely why the discussion is so important. CCI work does not mean simply showing the economy the easiest way, but the most responsible way—and that can be rocky at first. Companies have to deal with new challenges constantly. Here, we have to find as many points of intersection as possible.

**How deeply is the concept of the honourable merchant anchored in business practice?**

Our surveys on this topic, which we repeat regularly, show that most entrepreneurs attach great importance to responsible business practices. Many have already integrated CSR activities into their corporate culture and strategy. In particular, they often approach ecological issues very consistently. Another very interesting result of the surveys for us was that the implementation of the mission statement is mainly based on a person's own attitude and values.

**After all, what do the companies gain from committing to the mission statement?**

They don't just do something for their good conscience or for their image. They reach new customers, namely those who are looking for more responsibility and sustainability—and these customers are growing in numbers all the time. A sustainable and responsible corporate strategy helps to contain risks, save costs, open up new markets and increase innovative strength. With this strategy, companies gain and retain employees more easily, which is becoming increasingly important in times of a shortage of skilled workers and demographic change, which we have in Germany. After all, sustainability is now also the hallmark of an attractive employer, and employees are increasingly attaching importance to it. And last but not least, they are prepared for future, possibly stricter sustainability legislation.

**You spoke of the inner attitude and values. But at the same time, civic society and politics are increasingly demanding more responsibility of business?**

Correct. Within the framework of Agenda 2030, the United Nations has adopted 17 sustainability goals, the so-called Sustainable Development Goals—or SDGs for short—there are also the UN guiding principles on business and human rights, the EU regulation on conflict minerals or the EU action plan for sustainable growth, and at the same time many national laws and frameworks, some of which are a result of this.

**Speaking of which, don't more and more laws and regulations contradict entrepreneurial freedom?**

I would answer with this scenario: without laws and regulations, it is much easier for those who act sustainably to be overtaken by those who do not yet act sustainably—because the latter can produce more cheaply, for example. That is why the companies themselves also want a uniform legal framework, a level playing field for everyone—preferably worldwide. Nonetheless, we are committed to ensuring that these laws and regulations remain manageable and pragmatic for companies and that the bureaucratic burden does not become too great. Bureaucracy must not be allowed to stifle the goodwill of businesses with the consequence that companies only do the bare minimum. In our dealings with politicians, we therefore advocate not only a uniform legal framework but also incentives such as tax incentives. Voluntary action alone is not enough either.

**What role does the consumer play? At present, sustainably produced goods are more expensive than conventional goods in Europe. Not everyone can afford these. Consumers thus turn to non-sustainable cheap T-shirts, for example.**

That is correct. That's why it is so important that the legal framework conditions are promoted throughout Europe and worldwide. Then producers will not be able to avoid sustainable production and even cheap T-shirts will still meet minimum standards.

**Let us go into practice. What instruments do you provide your member companies with?**

We provide information in publications, have drawn up practice-oriented guidelines, point out best practice examples from the various sectors, organise the major Bavarian CSR Day once a year and offer companies further training to become CSR Managers at the CCI Academy. And just recently we founded the CCI Committee for Corporate Responsibility. Here and also at our events, companies can exchange information and learn from each other—which they do intensively. We also deliberately work across departments: our Environmental and Energy Department, which is responsible for energy saving, resource conservation or environmental management, or the Specialist Department, which deals with the compatibility of family and career, company health or diversity, also play a key role in the issue of sustainability. In this way, together we increase the practical CSR knowledge in the companies across the departments.

**Now this book promotes the CCI as an organisation. How do you convince readers in the target countries of the concept of the honourable merchant?**

The Bavarian Chambers of Commerce and Industry celebrated their 175th anniversary in 2018, and we have given the celebrations the motto “Ideas have strength”. One of these powerful ideas is the model of the honourable merchant. The concept changes companies makes them resilient and more successful. So the best way to advertise the mission statement is for companies to benefit from its implementation ...

**And what does it look like on the inside? Does the mission statement also apply to the primary office?**

Of course. We as the Chamber of Commerce and Industry for Munich and Upper Bavaria set out some time ago on this path. We have set up our own CSR department directly within the primary management team, which also promotes the issue internally. For the 2018 financial year, we prepared our first sustainability report taking stock of the situation, developing key figures and showing how we, as the largest chamber of commerce and industry in terms of members, are contributing to the future viability of companies with our activities.

**Ms. Oswald, thank you for the interview.**

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## **The CCI Brand Identity—Putting Ethics into Practice**

*The German Chambers of Commerce and Industry have also further developed the “CCI” brand on the initiative of the Bavarian Chambers of Commerce and Industry. Since 2015, the brand identity has been the commitment “Together we take responsibility”.*

Developing a common commitment is one thing, but how do you put it into practice? All 79 German CCIs were therefore called upon to adapt the new brand identity for themselves and to fill it with life. The CCI for Munich and Upper Bavaria, as Germany's largest CCI, has set up a strategic process that will result in a roadmap entitled "Economy and business for the Future" and a sustainability report—and this is far from over.

## **Creating Value**

For Manfred Gößl, Chief Executive of the Chamber of Commerce and Industry for Munich and Upper Bavaria, the process comes at just the right time: "We are focusing even more strongly on our mission statement of the honourable merchant and are reflecting on our values and what makes us what we are. In this way, we want to offer a source of orientation to our member companies, our volunteers and our employees. We act responsibly towards each individual, our home region of Upper Bavaria and society as a whole.

The CCI's brand identity is the starting point for a change process. It serves as a vision, should provide solid guidance and thus contribute to the future viability of the company. Because even if (or precisely because) Upper Bavarian companies are doing quite well, the question arises for them and their environment of how to deal with the major challenges—from climate change to digitalisation—in such a way that sustainable development is strengthened: for the economy itself but also for society, for the region and not least for the future of all of us.

## **Business for the Future**

The belief that everyone profits when the economy and businesses are doing well has noticeably faltered. It is not for nothing that the European Union, with its concept of Corporate Social Responsibility (CSR), is also calling for more responsibility from companies for the effects of their actions. After all, not only internationally competitive location conditions but also an intact environment and a stable society are prerequisites for long-term successful economic activity. At the CCI for Munich and Upper Bavaria, which just celebrated its 175th anniversary, the change in perspective is expressed in the new slogan: "Economy and business for the future".

Associated with this is a clear commitment to 390,000 member companies, 12,000 volunteers, 450 employees and six locations: "Together we are strengthening sustainable development—for the economy in the region and the society of tomorrow".

## Guideline for Daily Action

Four brand attributes underpin the brand identity: reliable for the economy and business, rooted in the region, responsible for society and forward-looking for the future. This is what the CCI is all about, this is how it acts. And it is with this understanding of its role that it continues to perform its tasks: representing overall interests, organising the economy itself and promoting companies—the foundation and guiding principle of the honourable merchant.

The members of the steering committee and the general assembly of the Chamber of Commerce and Industry for Munich and Upper Bavaria were part of the process from the very beginning and continue to accompany it. The brand identity is also discussed with voluntarily engaged entrepreneurs in the regional and specialist committees. All CCI employees are also working together to implement the brand identity in the day-to-day work. The brand identity is at the forefront of the CCI's future programme, consisting of eight fields of action with concrete, measurable objectives as a target. Sustainability is thus a continuous process everyone is working on together.

## Together We Take Responsibility!

**For the economy and business:** We support companies, bundle interests with the participation of our members and take a stand.

**For the region:** We embody our holistic mission with the goal of sustainable development for our region and beyond.

**For society:** We empower people, enable participation and guarantee stability and fairness in the social market economy.

**For the future:** We provide impetus and are committed to economic progress that contributes to the well-being of present and future generations.

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## Corporate Social Responsibility—Bringing the Honourable Merchant into Businesses

*To work for the preservation of the morals and decency of the honourable merchant—the CCI law gives this task to the CCIs. With a wide range of activities, they translate the mission statement into support and benefits for companies.*

The honourable merchant is a central figure for the CCI organisation. With his values, all the good qualities of a businessman are bundled: The honourable merchant is honest, fair, incorruptible, and reliable. He can be trusted. He treats his employees, partners, suppliers and the environment decently and is committed to society, works responsibly and sustainably. Even in times pre-dating the Chambers, he set the direction—his code of conduct is a kind of first ethical set of rules for commercial conduct, an unwritten agreement to which everyone nevertheless adheres.

## Growing Challenges for Respectable Business People

For about 10 years now, the mission statement has been experiencing a renaissance. And that's a good thing because the challenges facing the economy are growing—due to megatrends such as digitalisation and globalisation, climate change and migration movements. These challenges are accompanied by regular UN appeals and guidelines but also by concrete regulatory requirements from the EU or sovereign states, which demand that companies act more responsibly with regards to the environment, employees and society. These include, for example, the 17 Sustainable Development Goals of the United Nations, which are reflected in the German Sustainability Strategy, albeit a rather non-binding one, or the National Action Plan for Business and Human Rights, which stems from the UN guidelines, the obligation to report on CSR, the EU Conflict Minerals Regulation or the EU Action Plan for Sustainable Growth.

## Management Approach—Corporate Social Responsibility

The Chamber of Commerce and Industry for Munich and Upper Bavaria has anchored the model of the honourable merchant deep in its DNA and, together with all Bavarian Chambers of Commerce and Industry, also supports companies through a variety of activities.

The management approach of Corporate Social Responsibility plays a key role in this. It is the transmission belt with which companies can install the ideas of social, ecological and economic sustainability in their companies. It enables them to create sustainable structures, both internally and with regard to partner companies, to establish responsibilities, to train staff and thus to achieve fair, sustainable corporate management. Besides the values of the honourable merchant, it is this practical management approach which the Chamber of Commerce and Industry promotes and which it carries into the companies.

### **The CSR activities of the CCI for Munich and Upper Bavaria at a glance:**

- **Staff unit—honourable merchant:** In order to be able to communicate approaches to the outside world, an organisation needs a unit that takes care of the topic. In order to do justice to the special importance of the topic, in 2010 the CCI for Munich and Upper Bavaria not only created a department but also a staff unit, which reports directly to the primary management team. With three employees, the CSR topic is extensively taken care of here—from information about events to political positions.
- **CCI Committee “Corporate Responsibility”:** Founded in the summer of 2018 as a working group with more than 40 member companies under the chairmanship of the Munich entrepreneur and CCI Vice President Kathrin

Wickenhäuser-Egger (see also portraits at the end of this chapter), it was upgraded to a CCI Committee by resolution of the CCI general assembly in December 2018. Its aim: to strengthen sustainability as a model for future-oriented development, to contribute to the implementation of the UN Agenda 2030 in the region and to give responsible business a voice in the political and social debate. The committee thus actively contributes to the implementation of the brand identity “Together we take responsibility”.

- **Bavarian CSR Day:** The Bavarian CSR Day has already taken place six times. It is a joint event of all Bavarian Chambers of Commerce and Industry. The first event was held in 2013, with around 300 participants from all over Bavaria coming to Munich. The Bavarian CSR Day is the largest Bavarian networking event on the subject of CSR. On the agenda in 2017 were the UN Agenda 2030 with its 17 Sustainable Development Goals (SDGs). In 2018, CSR Day focused on the topic of digitisation and sustainability. In lectures and interactive thematic forums, experts from business, politics and civil society discussed how the potential of digitisation can be raised to achieve a turnaround in sustainability.
- **Stocktaking with studies and surveys:** What is the position of companies on the current challenges? What are they already doing? What do they need? In order to tailor materials, events and services precisely to companies, the Bavarian Chambers of Commerce and Industry keeps asking the necessary questions. The results of the studies not only provide information on the content of events, positions or instructions for action. They also encourage primary and voluntary members of staff to continue along the CSR path.
- **Empowerment through guidance for action:** In order to promote CSR in companies, the Bavarian Chambers of Commerce and Industry have developed guidelines and aids that provide companies with practical introductions to CSR management or individual CSR areas. These include guidelines on value-based management for small and medium-sized enterprises or fair supply chain management.
- **Political and civil society cooperation:** To increase the impact, the Munich Chamber of Commerce and Industry (CCI Munich) works together with the other Bavarian Chambers of Commerce and Industry and with other partners. For example, guidelines for action were developed in cooperation with the Bavarian Ministry of Labour, within the framework of the Bavarian Environmental Pact initiated by the Ministry of the Environment, or with the civic society initiative “Global Compact”. The cooperation also includes support for the “Gute Geschäfte” marketplace. This is an offer from the Munich-based volunteer organisation “Tatendrang”. Tatendrang places volunteers who want to get involved in society with social organisations. On the “Gute Geschäfte” marketplace, these initiatives are in turn linked to companies that would like to offer their employees corporate volunteering opportunities. The Chamber of Commerce and Industry for Munich and Upper Bavaria supports the marketplace as a cooperation partner and provides the necessary facilities.



- **Representation of overall interests:** If the legislator drafts new regulations (CSR reporting requirements, National Action Plan for Business and Human Rights, etc.), the CCI comments on these during the legislative process after consultation from the perspective of the companies.
- **Out-of-court settlement of disputes:** It is impossible to prevent disputes within and between companies. State courts, the CCI argues, should always be the last resort. For it is part of the self-image of a self-organising economy and the model of the honourable merchant that, in the event of a dispute, independent solutions are sought first, independent of state authority. The Chamber of Commerce and Industry for Munich and Upper Bavaria offers several formats, including a conciliation board for competition disputes, business mediation, mediation between trainees and trainers, arbitration reports and arbitration. This makes it a pioneer in the CCI landscape; the offers have been available since the 1990s.

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## CSR Studies—Identifying and Fulfilling Members’ Needs

*It is important for the Munich Chamber of Commerce and Industry to know what companies think about responsible business and what they need to become better and better at it. That is why the CCI regularly asks through studies and surveys in order to then empower the companies and to carry demands into politics*

One of the basics of the CCI’s work is to maintain close contact with the companies in all areas of activity and to know their opinions and wishes. This feedback appears to be particularly important when legal requirements or an assertive new attitude calls established behaviour into question and new standards are to be introduced in companies—as is the case in the field of CSR.

With this in mind, the Chamber of Commerce and Industry for Munich and Upper Bavaria repeatedly asks companies in studies and surveys and takes stock in order to derive recommendations for action both for the companies themselves and for politics. In addition, it bases its own service and information offers, with which it supports companies, on the results. In this way, the CCI is involved in a process that enables companies, as well as politics and society, to achieve greater sustainability, and is helping to drive it forward. This is illustrated by two examples.

### Study on responsible management in Bavaria—exemplifying values in companies

For almost 10 years now, the Bavarian Chambers of Commerce and Industry have been reactivating the model of the honourable merchant. In 2018, they asked: What is the status of “responsible management” in Bavarian companies? What drives the companies? What are they already doing? And what do they need so that they can operate even more sustainably, responsibly—and successfully in the future?

**The key results at a glance:**

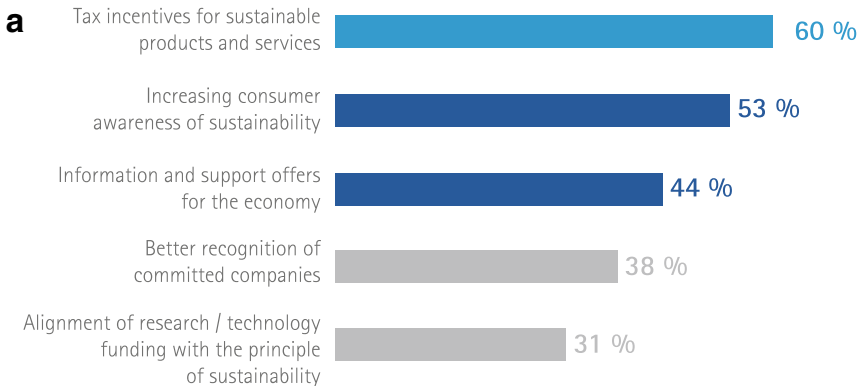
- **Personal attitude and business advantages:** For the majority of companies, values and personal attitude are the basis for responsible business. The companies want to positively influence the environment and society with responsible approaches. At the same time, the companies know that responsible management also benefits them in business terms. They also cite employee satisfaction, employer attractiveness and a better corporate image as drivers for their commitment.
- **Environmental protection as a mega topic:** For the future, environmental issues in particular are at the top of the agenda. But companies have also recognised the importance of digitisation for sustainability. The vast majority of the companies surveyed are already active in climate protection—in buildings, in production processes and in the areas of transport and mobility. Just under half of the companies are concerned with environmental and social standards in the supply chain.
- **Desire for reliable framework conditions:** Responsibility and sustainability are also a matter for business, but not only that. Asked about what they would like to see from politicians, companies said that they want reliable framework conditions and individual freedom, but they also want support. These include, in particular, tax incentives for sustainable products and services, information and support services, greater recognition of committed companies, consistent alignment of research and technology funding and public procurement with the principle of sustainability. (Look at Fig. 8.1.)

**From this, the CCI derives the following recommendations for action for the economy:**

- **Develop and evaluate key figures:** Companies should systematically and continuously develop and collect sustainability indicators. This gives them the opportunity to review and realign their own economic actions. This ensures the ongoing sustainability of the company.
- **Develop innovation potential:** Aligning the corporate strategy with sustainability criteria offers numerous impulses for change and innovation. This also contributes to future viability.
- **Think digitisation and sustainability in tandem:** Companies that use digital change for greater sustainability create value for society.
- **Doing business responsibly together with others:** Exchanging ideas with other companies or joining forces in sustainability alliances makes the path to greater sustainability shorter and faster.

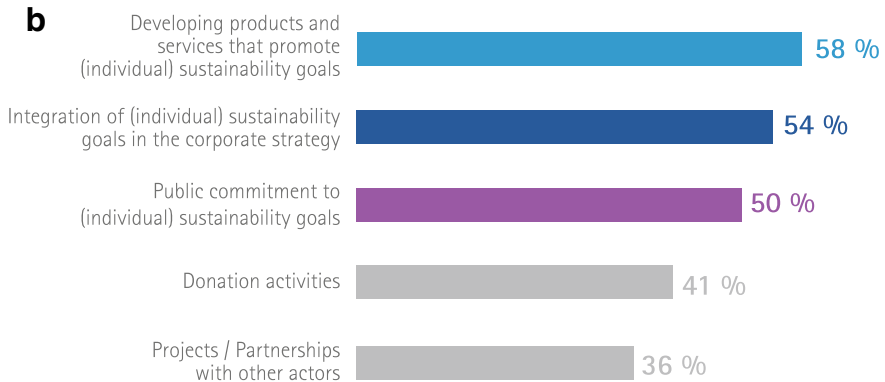
**The recommendations for action for politicians are as follows:**

- **Create reliable framework conditions:** Companies need reliable framework conditions for responsible business. Reliability implies long-term and coherent action at the national level on the basis of the same rules for everyone, beyond individual legislative periods and policy departments. At the international level, a level playing field is a prerequisite for success in international business. The federal government should therefore continue to advocate equal rules for all in multilateral forums and international organisations.
- **Setting new incentives:** Fiscal policy instruments such as tax incentives for sustainable products and services or a climate-friendly tax and contribution system would, in the opinion of business, promote responsible economic activity. Greater recognition of “best practice examples” can also provide additional support for corporate commitment.
- **Strengthening dialogue and cooperation with supplier countries:** Responsible business must look beyond Germany’s borders. It is also about raising environmental and social standards in supplier countries on a lasting basis. It is the task of politicians to continuously promote dialogue and cooperation between German companies and governments, social partners and civic society organisations in supplier countries, and to further improve the legal situation—also with the help of German Development Cooperation. Support for companies with information on country-specific risks can be provided, for example, by the German embassies in cooperation with the Chambers of Commerce Abroad (AHK).



*Multiple mentions possible | Source: Bavarian Chambers of Commerce and Industry, 2018*

**Fig. 8.1** Which framework conditions sustainability needs: What Bavarian companies expect from politics



Source: CCI for Munich and Upper Bavaria, 2018

**Fig. 8.2** How Bavarian companies are already integrating the Sustainable Development Goals into their operations

- **Establishing sustainability as a guiding principle:** Responsible economic activity also requires strengthening consumer awareness for more sustainability. This is where the National Action Plan for Education for Sustainable Development and the National Programme for Sustainable Consumption help. Consistent implementation of the measures formulated therein and accompanying information campaigns should further strengthen the willingness of consumers to demand sustainable products and services as such and to pay an appropriate price for them.

#### **And this is how the CCI supports the companies:**

- **CCI Committee Corporate Responsibility:** With the CCI Committee Corporate Responsibility, the CCI has created a body that works for better framework conditions, promotes best practice and networking.
- **Educational work:** As part of the National Action Plan for Education for Sustainable Development, for example, the Bavarian Chambers of Commerce and Industry are helping to anchor the issue of sustainability in the education chain. To this end, they support corresponding projects in initial and continuing vocational education and training, including the Energy Scouts—trainees who go in search of sources of energy waste in their companies and develop energy-saving solutions.
- **Mega topic—environmental protection:** For many years, the CCI has been providing information on all topics relating to energy saving and resource conservation, environmental management and biodiversity. It networks the players in internal and external working groups and supports the Bavarian Environmental Pact and the Bavarian Environmental Cluster.

## **Study on Sustainable Development Goals (SDGs)—Voluntarily Taking on Responsibility**

In 2015, the United Nations published the Agenda 2030 and condensed its demands for a more sustainable world into 17 goals, the so-called Sustainable Development Goals (SDGs). These have been in force since 1 January 2016. These goals are not legally binding for business. However, since UN requirements may in the medium to long term become not only national action plans with the character of recommendations but also national laws and ordinances that entail sanctions in the event of non-compliance, companies cannot circumvent the SDGs. At the same time, the integration of SDGs into the corporate strategy can bring them new customers, new markets or innovations. The Chamber of Commerce and Industry has therefore asked what companies think of SDGs, what benefits they bring to their business and, above all, what they need to implement them. (Look at Fig. 8.2.)

### **The key results at a glance:**

- **Fundamental significance of SDGs:** Many companies are aware of the impact of their business activities on the environment and society. The overwhelming majority of the companies surveyed that are aware of SDGs, therefore, attach high or very high importance to them for their business.
- **Strategic impulses:** The companies generally view the SDGs in a positive light: The SDGs bring the issue of sustainability more strongly into focus within their companies, make it easier to align corporate strategy with the needs of the environment and society, point out new fields of innovation and help open up new markets.
- **Key challenges:** However, what companies lack to implement them is know-how and financial resources. At the same time, they stress the importance of partnerships for achieving SDGs.

### **On the one hand, the CCI derived recommendations for action for the economy from this:**

- **Taking responsibility:** Companies should consider the effects of their own actions on future generations and across national borders and anchor corporate responsibility more firmly in their core business.
- **Understanding SDGs as an opportunity:** Indifferent companies should understand the SDGs as an impulse to review and, if necessary, realign their previous actions.

- **Moving forward together:** It is particularly worthwhile for small and medium-sized companies to examine the possibilities of partnerships, industry and certification initiatives for higher sustainability standards along their value chains.

**At the same time, however, the CCI addresses policymakers with recommendations for action, thus fulfilling its mission of representing the overall interests of the industry:**

- **Understanding the economy as a partner for the achievement of objectives:** The state should see business as a partner in the achievement of objectives and actively involve it in the development and design of its sustainability strategy.
- **Creating public awareness and stimulating a change in values:** Politics should also anchor the necessary understanding of sustainability in the population along the entire education chain. Not only companies but also consumers must get on board.
- **Expanding information and funding opportunities:** Given that one of the biggest obstacles in companies' efforts to integrate SDGs into their corporate strategy is the lack of resources in terms of finance, expertise and technology, policymakers should introduce innovative incentive systems to further promote research and development in the field of sustainable products and services and also invest in forward-looking technologies. Support for industry initiatives and multi-stakeholder partnerships should also be further expanded.

**And this is how the Munich Chamber of Commerce and Industry and the umbrella organisation Bavarian Association of Chambers of Commerce and Industry) support companies:**

- **Bavarian CSR Day:** At the 5th Bavarian CSR Day 2017, the Bavarian Chambers of Commerce and Industry addressed SDGs and demonstrated in workshops how they can be integrated into a corporate strategy in an exemplary manner.
- **Discussion forums:** They initiated a discussion process with entrepreneurs in Nuremberg and Munich to elicit which practical levers sustainability needed to have an effect in business and society ranging from laws to digital solutions.
- **Development of guidelines:** Together with cooperation partners, the CCIs have developed guidelines on responsible supply chain management or stakeholder management, among other things.

**Box: The 17 UN Sustainable Development Goals at a Glance**

1. End poverty in all its forms and everywhere
2. End hunger, achieve food security and better nutrition and promote sustainable agriculture
3. Ensure a healthy life for all people of all ages and promote their well-being
4. Ensure inclusive, equal opportunities, quality education and lifelong learning opportunities
5. Achieve gender equality and self-determination for all women and girls
6. Ensure the availability and sustainable management of water and sanitation for all
7. Ensure access to affordable, reliable, sustainable and modern energy for all
8. Promote sustainable, inclusive and long-term economic growth, full and productive employment and decent work for all
9. Build a resilient infrastructure, promote inclusive and sustainable industrialisation and support innovation
10. Reduce inequality within and between states
11. Make cities and settlements inclusive, safe, resilient and sustainable
12. Ensure sustainable consumption and production patterns
13. Take immediate action to combat climate change and its effects
14. Preserve and use the oceans, seas and marine resources in a sustainable development context
15. Protect, restore and promote the sustainable use of terrestrial ecosystems, manage forests sustainably, combat desertification, halt and reverse soil degradation and halt the loss of biodiversity
16. Promote peaceful and inclusive societies in the spirit of sustainable development, provide access to justice for all, and build effective, accountable and inclusive institutions at all levels
17. Strengthen the means of implementation and revitalise the global partnership for sustainable development.

## **Case Studies: UN Sustainability Goals—How Companies from Upper Bavaria Contribute to Their Implementation**

### **First Tegernsee Coffee Roasting Plant—Fighting Poverty (SDG 1) Through Fair Prices**

Mario Felix Liebold, owner of the Erste Tegernseer Kaffeerösterei GmbH in Kreuth, not only wants to offer his customers the very best in coffee specialties he also sees himself as responsible for his suppliers, the operators of small coffee farms in Latin America, Africa and Asia. Therefore, he not only buys from them at fair prices without middlemen but also recommends them to other roasting companies. He also develops new coffee bean processing methods with them in order to expand their sales opportunities. In addition, he can also be relied on in difficult times, for example in the event of supply bottlenecks due to crop failures. Farmers can be sure that Liebold will then purchase smaller quantities and not cross them off his list of suppliers. “In this way we contribute to economic stability and growth. That’s the best way to prevent poverty”. Liebold emphasises: “Fair trade is our self-image— all the more so because our suppliers have often become our friends”.

### **Food Banks and Hipp Baby Food—Fighting Hunger (SDG 2) Through the “Tafel” (Germany’s Food Bank Charity) and Personal Commitment**

Hunger is not only an issue in developing countries and war zones. “Here in Germany, too, there are people who live in poverty and, therefore, take advantage of support services such as the “Tafel”; up to 16 percent of people here in Germany are considered poor or at risk of poverty”, explains Jochen Brühl, Chairman of Tafel Deutschland. The “Tafel” currently supports around 1.5 million people at 2,000 distribution points throughout Germany with food that has been saved from waste. Their customers are very diverse: single parents, senior citizens, migrants, households with children. Brühl also expects help for these needy people from politicians and has called for federal and state poverty commissioners. At the same time, however, the “Tafel” shows how companies can also help. “What is needed is the retail trade, which provides food that is still consumable but which has been deselected from sale” explains Steffen Horak, spokesman for Munich’s “Tafel”. The “Tafel” save 264,000 tons of food from destruction nationwide every year. “Companies can also help by donating money, by offering discounted or free services or by allowing their employees to donate time to us on Corporate Social Days, for example”.

Among those companies committed to the food banks is the baby food manufacturer HiPP. Professor Claus Hipp has been patron and sponsor of Munich’s “Tafel” since 1996. “It is our responsibility and task to help the poor among us” he sums up his motivation. “With Munich’s “Tafel”, I am supporting an organisation



that provides effective help, help that really gets through”. However, Hipp sees his contribution to SDG 2 “Zero Hunger” in a much more fundamental way: “We can achieve this UN goal here and throughout the world more easily with sustainable agriculture—we at HiPP have been committed to this for over 60 years”.

### **Mondi Inncoat—Educational Progress (SDG 4) Through Further Training of Apprentices**

Profound training and continuous further education have always been a requirement at Mondi Inncoat GmbH in Raubling, a manufacturer of siliconised release papers. But education for sustainable development is also a major concern for the company. It is not just that all employees have learned to implement the eco-management system EMAS (the European Eco-Management and Audit Scheme). Since 2015, interested trainees have also been trained as energy scouts. They learn to recognise and plug energy holes. “Large energy losses are caused by compressed air leaks, for example, and our scouts have achieved savings of EUR 17,000 here”, says Maintenance Manager Karlheinz Froschmayer proudly. “Above all, however, they infect the entire workforce with their enthusiasm for ecology”.

### **Gebrüder Peters—Promotion of Women (SDG 5) Through Equal Opportunities at Work**

Gender equality has long been high on the agenda of the Ingolstadt-based family business Gebrüder Peters GmbH. Authorised representative Veronika Peters naturally pays men and women the same for the same work. She makes sure that women move up into management positions and prepares them for this in mentoring programmes, among other things. At the same time, she supports a good balance between family and career. Home office, flexible working hours, part-time or job sharing are also possible for managers. Single parents receive additional financial support, which at present stands at EUR 1000 per year, which they are free to use as they wish. Peters emphasises: “We always offer the work life balance opportunities to both genders. Because only if men also take on more family work can new role models and truly sustainable gender equality also be established”.

### **ECOFARIO®—Clean Water (SDG 6) Through Innovative Microplastic Control**

The Munich start-up ECOFARIO® GmbH has declared war on microplastics in waste water. “Microplastics per se have no place in nature. Moreover, they combine with toxins and pollutants that are also in the waste water—this makes them even more dangerous”, explains founder Sebastian Porkert. “Since the conventional filters in waste water treatment plants are not fine enough to filter out microplastics,

it usually ends up back in surface waters with the pollutants after waste water treatment”. ECOFARIO® now separates the microplastic from the water by means of extreme vortex currents, the plastic can thus be enriched and burned together with the sewage sludge. “As long as we do not avoid microplastics, our approach can help to subsequently mitigate the dangers”.

### **Salus Haus Dr. Med. Otto Greither Nachf.– Clean Energy (SDG 7) Through Our Own Hydroelectric Power**

It was a small hydroelectric power station on the Mangfall river, which was built for Salus Haus Dr. med. Otto Greither Nachf. GmbH & Co. KG in 1968 to settle in Bruckmühl in Upper Bavaria. “As a manufacturer of natural remedies, our economic success is particularly dependent on an intact environment”, emphasises Salus Sustainability Manager Cassandra Heimgartner. “That’s why we have always considered environmental protection and wanted to use nature-friendly energy sources right from the start. Hydropower fits perfectly into the concept”. In 1990, Salus acquired a second hydroelectric power plant and has since installed numerous photovoltaic systems. In this way, up to 90 percent of the electricity consumption can be covered by the company’s own regenerative power supply, the rest is purchased from green electricity. The green electricity supply at Salus is part of a comprehensive energy management system based on EMAS, the European Eco-Management and Audit Scheme. It is accompanied by numerous technical energy efficiency measures such as LED lighting or highly efficient pumps. A sophisticated waste heat recovery system enables Salus to save energy for heating, and cooling is provided by river water or fresh air wherever possible. “Hydroelectric power alone reduces our CO<sub>2</sub> input by around 1000 tons per year”, says Sustainability Manager Heimgartner proudly.

### **Munich Airport—Innovation (SDG 9) and Climate Action (SDG 13)**

Developing and implementing a sustainable corporate strategy—Munich Airport is well aware of the challenges involved. The 17 Sustainable Development Goals (SDGs) published by the United Nations in 2015 proved to be a helpful toolbox for the company. “Munich Airport has been committed to sustainability since 2008”, explains Christina Berghäuser from the Strategic Sustainability Management Team. “Sustainability is part of our corporate strategy, and we have developed many concepts and individual measures”.

The airport used the SDGs as an opportunity and benchmark to reorganise, develop and deepen its existing activities. In a comprehensive discussion process with employees and partners, twelve SDGs were selected and translated into projects that are particularly relevant to the airport. Berghäuser emphasises:

“The SDGs are a good strategic and practical orientation framework for the sustainable orientation and management of the company”.

These two examples show how Munich Airport implements the SDGs in strategy and practice: By 2030, the airport aims to be climate-neutral, i.e. to advance SDG 13. To this end, the vehicle fleet and apron vehicles such as aircraft staircases and tow tractors are being converted to electromobility and energy-efficient construction is being further promoted. Or SDG 9: A new innovation centre is being built at the airport—the LabCampus. Here, companies, research institutions, start-ups and creative minds will jointly develop, test and present new products and services. And, last but not least, many of these innovations will contribute to sustainability—and not only for the airport itself. To ensure that it does not come to a standstill, the airport has set up a new SDG discussion round. All business units and partners are invited to participate in round tables “to become aware of what the company as a whole and each individual is already contributing to sustainability but also where it needs to be adjusted”, explains Christina Berghäuser. “This is because, in addition to all the strategic approaches and practical measures, sustainability and SDGs need one thing above all else: a clear communication concept that makes them even better known both internally and externally. Then more ideas are generated—and more impact is created”.

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## **CSR Guidelines—Helping Companies on Their Path Towards Responsible Business Practices**

*With detailed and practice-oriented guidelines, the CCI enables companies to operate more responsibly. This is shown, for example, by the working materials from the Environmental Pact pilot project “Sustainable Supply Chain” and the multiplier guide on human rights diligence in companies.*

Asking where companies stand and what they need to do to act responsibly is one side of the coin. The other is to empower companies to act accordingly. Only in this way can the honourable merchant move from a mission statement and a personal attitude to a management approach, to Corporate Social Responsibility. The CCI for Munich and Upper Bavaria as well as all Bavarian Chambers of Commerce and Industry contribute to empowering companies and strengthening this management approach with practice-oriented guidelines. The guidelines have been realised together with the Bavarian state government or special government initiatives. Two examples show how this empowerment works.

## **Guide on Sustainable Supply Chains—Multiplying Practical Tips**

Both German and Bavarian industry are globally active. In 2017, Germany was the third strongest exporting country after China and the USA. However, being

globally active means not only exporting but also purchasing or having products manufactured abroad. Accidents like the one in a factory in Bangladesh in 2013 prove, however, that not every supplier chooses to work under humane conditions. At the same time, there are already tried and tested ways of making the supply chain responsible and sustainable for both people and the environment. Together with the Bavarian State Office for the Environment, the Bavarian Chambers of Commerce and Industry have developed working materials within the framework of the Bavarian Environmental Pact, which primarily support small and medium-sized companies. The following key questions show where the path is leading. In the guide itself, they are answered with many practical tips, keywords are mentioned here.

- **Recording and evaluating sustainability impacts:** The company gains an overview of the entire value chain and evaluates and prioritises sustainability impacts along the individual production steps.
- **Reviewing and adapting central business processes in the company:** The company checks which existing measures and processes can already be used in its own company within the framework of sustainable supply chain management, or which need to be adapted or newly implemented. This step is important to create the internal foundations for sustainable supply chain management.  
*Possible courses of action here include, for example, appointing a person responsible, raising awareness among the teams, developing criteria and goals, and taking stock of the situation.*
- **Informing suppliers and defining requirements:** The company communicates its requirements to suppliers. The requirements for suppliers are made binding.  
*Here, for example, the development of codes of conduct or contracts as well as dialogue with suppliers and obtaining their signatures are helpful, as is a distancing from suppliers in the event of non-implementation.*
- **Reviewing the sustainability performance of suppliers:** The company checks whether the requirements are implemented by suppliers. It can use various approaches to do this.  
*The company can also call on external experts from NGOs or industry initiatives.*
- **Training suppliers:** Building on this, the company conducts training and other measures with suppliers, where necessary, to raise their awareness of sustainability issues and thus improve their sustainability performance.  
*Here, the company can develop its own training courses or commission external service providers.*
- **Disclosing information:** To facilitate internal and external stakeholder exchange and promote transparency, the company reports on its sustainable supply chain management.  
*Those who have improved their supply chain should evaluate and improve it again and again, but at the same time communicate their progress to stakeholders.*

## **Multiplier Guide on Human Rights Diligence—Getting Small and Medium-Sized Companies on Board**

In the case of companies with more than 500 employees, its implementation will be reviewed. If, in 2020, at least 50 percent of companies based in Germany with more than 500 employees have not implemented the core elements described in the National Action Plan, the German government reserves the right to take further steps—all the way up to legal action. In cooperation with the Global Compact Network Germany and the human rights management consultancy twentyfifty, the Bavarian Chambers of Commerce and Industry have developed the guideline “Human rights diligence—relevance and options for action for small and medium-sized enterprises (SMEs)” in order to support companies. The target group here is primarily the multipliers—i.e. NGOs, the chambers themselves or consulting firms. They need to be empowered to sensitise SMEs regarding human rights and to advise them on suitable measures. At the same time, the companies themselves can use this guide. The following 17 questions provide an insight into how the guide works.

1. How do I know whether human rights are relevant to my company?
2. How can I, as an SME, get started on the issue of human rights?
3. What does “human rights due diligence” mean?
4. How can I implement human rights due diligence in my company?
5. What do I need to consider if I want to invest in country x or contract suppliers there? Where can I find information on the human rights situation? Is it enough to look at local legislation?
6. I can’t do everything at once, can I? How can I set the right priorities?
7. How can I communicate the issue of human rights in my company?
8. I already have a CSR or sustainability programme in my company. How is this related to human rights?
9. What do human rights have to do with responsible supply chain management?
10. One of my customers asks whether we as a company provide fair and safe working conditions in accordance with the ILO core labour standards. How should I answer?
11. I adhere to the provisions of German labour law and ask my suppliers to comply with the ILO core labour standards—Surely that means my part is done, doesn’t it?
12. How far does my responsibility in the supply chain reach?
13. How can I cooperate with others?
14. What do I do if one of my suppliers is found to be guilty of serious human rights infractions, such as forced or child labour?
15. I have been doing social compliance audits in my supply chain for a long time. Is there anything else I need to do?
16. The topic of anti-corruption is becoming increasingly important for companies that operate internationally. Are there any connections with human rights here?
17. How can I communicate the topic in my reporting?

**The following answer to question 3 shows as an example what the guide provides:**

**What does “human rights due diligence” mean?** Human rights due diligence is the process by which you ensure and demonstrate that your company respects human rights. It helps to anchor respect for human rights in the company. Human rights due diligence first means systematically identifying where people are (or could be) harmed by the company’s actions. Then it is a matter of taking appropriate measures to prevent or repair this damage. This process is different for every company. The type and scope of measures a company needs to take depends on its own risk profile, i.e. the risk of adverse human rights impacts through its business activities or relationships.

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## **Case Studies: Supply Chain and Human Rights—How Companies Set Priorities**

### **Kokadi—Fair Conditions for Farmers**

The Kirchheim-based company Kokadi GmbH & Co. KG, which manufactures and distributes baby slings, has had human rights in mind since its foundation. “We are convinced that the only right way for a better future is a clean, fair and ecologically sound production. Every entrepreneur has the power to do so in their own hands and, of course, I use the resources provided with pleasure and with full conviction”, explains Kokadi founder and Managing Director Ceyda Temur. She has the fabrics produced in Turkey, and the cloths are manufactured in Slovakia as the end product. The cotton is certified according to GOTS, the demanding Global Organic Textile Standard. Temur only works with farmers who grow the cotton in a sustainable way and checks that their partners in the production guarantee fair working conditions, good wages and further training for the weavers, dyers and seamstresses. Ceyda Temur: “This is what our customers expect, fairness and human rights are also a sales argument for us”.

### **Greiff Mode—Human Rights Due Diligence Has the Highest Priority**

Long before the National Action Plan on Business and Human Rights (NAP) was even mentioned, GREIFF Mode GmbH & Co. KG in Bamberg put the subject of human rights on the agenda: In 2010, the management of the company, which has been in existence since 1802 and specialises in workwear, started an intensive discussion surrounding values with its approximately 100 employees. “Human rights due diligence was the top priority, along with sustainability: We didn’t want to turn a blind eye to the issue”, says Nicole Wagner, CSR officer, whose position was created specifically to implement the results of the discussion in 2014. GREIFF

first took a look at the supply chain. The company works with around 20 contractors, including some in countries where human rights are controversial. “We have been in ever closer contact with the partners in these countries, we have been on site, talked to them about fair working conditions, had them sign a code of conduct”, explains Wagner. “However, we did not have the means to check whether they were actually complying with the code”. To change this, GREIFF joined the internationally active non-profit organisation Fair Wear Foundation, which aims to improve working conditions in the textile industry on the basis of the Universal Declaration of Human Rights. The Fair Wear Foundation goes to the subcontracting companies working for GREIFF, talks to both management and employees, works out measures together with the companies and with GREIFF and checks their implementation. These steps are regularly repeated in the sense of continuous improvement. At GREIFF the second round is currently just beginning. The results are convincing for Nicole Wagner: The audited suppliers have meanwhile demonstrably increased work safety, GREIFF knows that minimum wages are definitely paid, overtime is announced and remunerated, and breastfeeding mothers are better protected. Together with the Fair Wear Foundation, GREIFF is setting up a complaints mechanism in the partner companies. Employees can contact and report grievances anonymously and without fear of being discovered. “Nobody at our suppliers has used this so far, but it is an important offer”, says Wagner. In the form of a social report, GREIFF reports annually on its homepage about the improvements in the subcontracting companies. In addition, interested parties can follow the textile supply chain of the products online via a code sewn into the textiles, the My-GREIFF code. However, GREIFF’s human rights commitment does not end with Fair Wear. On the initiative of its employees, the company has launched a new Fair Trade collection. And last but not least, it joined the German “Alliance for Sustainable Textiles”. All of this is bringing GREIFF ever more economic benefits. “It makes us attractive to our employees, they are proud of their company”, says Wagner happily. “And more and more customers and clients are also signalling to us that our sustainability work was the basis for their purchase decision or awarding of contract”. She re-emphasises: “Human rights are a deep and honest concern for us. But, of course, we are also happy if we can generate economic benefits with them”.

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## **CSR Within the CCI—More Responsibility Together**

*Encouraging and empowering companies to be more sustainable and responsible is one side of the coin. The Munich Chamber of Commerce and Industry has set up a strategic process that culminates in a roadmap known as the “Economy and business for the future” and a sustainability report—and this is far from over.*

To carry the model of the honourable merchant to the outside world is only credible if it is also embraced internally. The CCI brand identity “Together we take responsibility”, with which the German Chambers of Commerce and Industry have

further developed the “CCI” brand, also on the initiative of the Bavarian Chambers of Commerce and Industry, is therefore also the internal guideline for the daily actions of CCI employees. The CCI for Munich and Upper Bavaria, Germany’s largest chamber of commerce and industry, has set up a strategic process in this sense, which has resulted in a roadmap entitled “Economy and business for the future” and a sustainability report for the CCI Munich itself. The sustainability report and a corresponding future magazine make it clear how the Munich Chamber of Commerce and Industry contributes to the future viability of companies, supports sustainable development but also continues to develop as an organisation. Details of internal sustainability work:

**Sustainability report:** What are we already doing? Where do we want to go? The CCI decided to answer these questions systematically in a sustainability report. It chose the German Sustainability Code (DNK = Deutscher Nachhaltigkeitskodex) as the framework for the report. Today, almost 500 German companies report according to this framework. The DNK demands statements on 20 principles of responsible corporate management in the four areas of strategy, process management, environment and society.

- **Strategy:** First of all, the CCI will analyse and further develop its existing strategies and measures, and in doing so will primarily translate the concept of the honourable merchant into the work of the organisation.
- **Process management:** Subsequently, key figures, rules and processes, control and incentive systems will be analysed, redefined if necessary and responsibilities will then be determined. After all, sustainability must be measurable.
- **Environment:** In particular, the CCI will present its handling of natural resources and climate-relevant emissions and set concrete goals: How much CO<sub>2</sub> is emitted? How much paper and electricity are consumed? What are the future goals?
- **Society:** Last but not least, employee concerns, equal opportunities, qualification, human rights and the role of the CCI for the community are put on the agenda.

**Steering committee:** In order to be able to implement the agreed goals accordingly, a steering committee will be set up as an internal management body, in which employees from all areas are represented.

**Employee involvement:** To ensure that the brand identity is firmly anchored in the workforce, the divisional, departmental and unit heads are trained in workshops so that they can then pass on their new knowledge to employees as multipliers. All employees should be inspired by the brand identity.

Although systematic sustainability management is still in its infancy, a number of individual measures have already been taken to ensure sustainable corporate management:



- **Energy efficiency:** The headquarter’s building has been renovated to be energy-efficient and uses district heating and cooling.
- **E-mobility:** Bicycles and electric cars are available in the CCI mobility pool.
- **Train before plane:** When travelling on business, employees are called upon to take the train whenever possible and not to fly—or to make use of telephone or Skype conferences.
- **Reusable:** In the canteen, disposable cups were abolished in favour of reusable cups. Floor coffee machines that work with disposable coffee capsules have been replaced by more environmentally friendly alternatives.
- **Paperless office:** The departments are encouraged to work with as little paper as possible. Invitations to events will also no longer be sent by post.
- **Sustainable events:** At events, less and less printed information will be made available and more and more digital formats will be on offer.
- **Family friendliness and more:** In the area of employee issues, the CCI places great emphasis on the compatibility of family and career and on having more women in management positions. Preparations are also being made for workplace health promotion.

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### **Out-of-Court Dispute Resolution—Charting a Shorter Route to a Win-Win Situation**

*If you want to embody the honourable merchant, you first try to find an out-of-court solution in case of dispute. The Chamber of Commerce and Industry for Munich and Upper Bavaria enables companies to do this by providing mediation, arbitration and arbitration expertise.*

It is impossible to prevent disputes within and between companies. However, the contracting parties can avoid a situation where the dispute drags on, or where it becomes expensive and they no longer acknowledge each other after the dispute. Out-of-court dispute resolution procedures create the possibilities for this: The Chamber of Commerce and Industry for Munich and Upper Bavaria offers two formats in the form of business mediation and arbitration in addition to the out-of-court offers entrusted by the state: the expert system and the conciliation board for competition disputes (see chapter “Public tasks assigned by the state”).

With good reason: State courts, the CCI argues, should always be the final resort. This is because the self-image of a self-organising economy and the model of the honourable merchant not only envisages that the word and the handshake of business people are sufficient for making binding agreements. It also means that, in the event of a dispute, independent, joint solutions are first sought, independent of state authority. The business community regulates its own affairs before taking legal action, according to the conviction of both primary and honorary employees.

## **Arbitration Court and Mediation Centre**

Thus, the general assembly of the Munich Chamber of Commerce and Industry also agreed when the primary office proposed that the Chamber of Commerce and Industry establish out-of-court offers more than 20 years ago. The primary office then gradually developed and expanded the offers. The Munich Chamber of Commerce and Industry has had its own arbitration court since 1997. 1998 saw the opening of the first mediation office, and in 2006 the now renowned Mediation Centre was finally established.

## **Advantages of Extra-Judicial Dispute Resolution**

Experience shows that businesses are making use of the out-of-court solutions more and more. This is also because they are generally not only faster, cheaper and more discreet but also usually more sustainable: Facilitated by specialised dispute mediators who are well-versed in the respective economic field and who also have a certain talent for understanding the psychological dimension behind such developments, out-of-court procedures can lead to consensus and win-win situations which allow the parties to the dispute to talk and work together again thereafter. Another argument in favour of attempting to achieve an out-of-court settlement is that state courts are often overburdened or that many judges, despite all their legal skills, lack a specific economic background and thus a certain basis for economic assessment.

## **Prevention Through Contractual Clauses**

Nobody can be forced to settle a dispute out of court—not like a state court to which one can be summoned. Thus, the out-of-court settlement of disputes always begins in advance, when the dispute is not yet foreseeable. In a best case scenario, the contracting parties make a precautionary decision during the contract negotiations on clauses that they will try to reach an out-of-court settlement in the event of a dispute—initially by means of mediation. If this does not succeed, the arbitration court, for example, is the next option. For this purpose, the Munich Chamber of Commerce and Industry has drafted legally sound clauses which companies can incorporate into their contracts and which are also available in English:

**Box: Mediation and arbitration clause of the CCI for Munich and Upper Bavaria**

- **Mediation Clause:** In the event of a dispute arising from (or relating to) this contract, the parties undertake to conduct mediation in accordance with the provisions of the CCI Mediation Centre of the Chamber of Commerce and Industry for Munich and Upper Bavaria prior to bringing any legal action before an ordinary court (or arbitration tribunal).
- **Arbitration clause:** All disputes arising in connection with the contract (exact description of the contract) or concerning its validity shall be finally settled in accordance with the Rules of Arbitration of the Chamber of Commerce and Industry for Munich and Upper Bavaria (CCI Munich) under exclusion of the ordinary course of law.

**Procedural Advice by the CCI**

Essentially, it stipulates that every conflict has a suitable out-of-court procedure, but not every out-of-court procedure is suitable for every conflict. Therefore, the Munich CCI experts see procedural consulting as their first task. Which procedure fits the conflict brought before the CCI either by one or both parties to the dispute? These are the three steps:

- **Explaining the procedures:** The CCI explains the various procedures, analyses the conflict with the parties in dispute and provides neutral advice on which procedures are suitable—from mediation to arbitration.
- **First procedural steps:** It advises on how to find suitable mediators or suggests suitable persons itself. The parties then choose their own mediator. If they cannot agree on one person, the CCI can choose the mediator.
- **Implementation:** The parties carry out their procedures independently of the CCI or use (administered) procedures developed and supported by the CCI.

**Arbitration Court—Utilising National and International Advantages**

Arbitration courts are well known in business circles. They stand for a traditional form of out-of-court dispute resolution that has proven itself particularly well in international disputes. In Germany, the first arbitration proceedings date back to the 17th century. In connection with the suspended TTIP trade agreement between the

United States and the European Union, arbitration proceedings in Europe have become increasingly popular with the general public.

### **The advantages of arbitration**

In case of an unsuccessful mediation, the Chamber of Commerce and Industry sees an arbitration court as the next chance for an out of court settlement. The companies generate and confirm these advantages.

- **Discretion:** An arbitration process is not public, thus very discreet, and the reputation of the opposing parties is preserved.
- **High economic expertise among the arbitrators:** The parties and their lawyers present their arguments to up to three arbitrators, who are always specialised in the field of conflict in question and do not have to familiarise themselves specifically. This expertise of these arbitrators is considered a particular advantage.
- **Conclusion:** The arbitrators make an arbitration decision, which as a rule cannot be appealed against—neither at the arbitration proceedings nor at a state court.
- **Time saving:** Since there is only one authority, an arbitration process is usually faster. This ensures that all parties involved are well prepared and start the proceedings with a high degree of willingness to reach an agreement—thus arbitration proceedings often end in a settlement that is acceptable to all parties.
- **International recognition of arbitral awards:** In cross-border disputes, an additional advantage is that arbitral awards are also enforceable abroad under a 1958 United Nations Convention. State judgements, on the other hand, are often much more difficult to enforce in non-European countries.
- **Support from the Chambers of Commerce Abroad:** In disputes with foreign companies, the Chambers of Commerce Abroad (AHK) also support the parties to the dispute; they usually act as arbitration institutions.

### **CCI Administers Arbitration Proceedings**

The Chamber of Commerce and Industry for Munich and Upper Bavaria has had a court of arbitration since 1997. It is thus one of the three most important arbitration locations in Germany. The CCI Munich is a member of the German Institution of Arbitration (DIS) and administers arbitration proceedings according to its own arbitration rules. It also appoints arbitrators.

### **New (SME-Friendly) Arbitration Rules of the CCI**

Since 15 May 2018, the new arbitration rules of the Chamber of Commerce and Industry for Munich and Upper Bavaria have been in force. These rules provide for a single judge and only a six-month period for proceedings. Those who agree to

these rules will receive a 20 percent discount on the procedural fee. This reform will make arbitration proceedings shorter and more cost-effective and also more interesting for smaller companies.

## Infrastructure for Arbitration Courts at the CCI

The CCI also provides the infrastructure for the arbitration court: in urgent cases, an arbitration claim can be submitted to the CCI via a night mailbox or in electronic format. The CCI has built up a pool of competent arbitrators, from which it proposes an arbitrator to the parties in dispute. If the parties cannot agree on someone, the CCI president will appoint the arbitrator. The procedure itself takes place on the premises of the CCI.

**Box: Arbitration procedure “light”—Arbitrator’s Report Instead of Arbitration**  
As an alternative to arbitration, the parties may also agree on an arbitrator’s report. The aim of the arbitrator’s expert opinion is to have disagreements between the parties to the contract with regard to the content, interpretation or adaptation thereof bindingly resolved by an independent, impartial and professionally competent expert, i.e. the arbitrator. In principle, the subject matter can be anything that can be assessed by experts: from defects in the construction of a house to the value of an object of art. In contrast to an arbitration judgement, an objection to an arbitrator’s expert opinion can be lodged with a state court. (See also article on “Experts” in Chap. 4)

## Mediation—Striving for Consensus

Court proceedings, as well as out-of-court arbitration proceedings or arbitration opinions (see above) are characterised by the fact that a third party, once all arguments have been presented, passes judgement on behalf of the parties in dispute. Mediation takes a different approach. Moderated by an impartial third party, the mediator, the parties in dispute negotiate with each other in mediation until they have found a compromise acceptable to both sides. The mediator is not a judge, he does not pass judgement, he merely mediates the respective positions. The disputants find the compromise themselves.

In principle, mediation is not a new form of dispute resolution. It was already known in the societies of European antiquity. In the Middle Ages, the Peace of Westphalia, which ended the Europe-wide 30-year war in 1648, was considered a successful result of mediation. One of the greatest successes of mediation in modern times is the peace agreement between Israel and Egypt, which was negotiated in Camp David. Nor is mediation a specifically Western phenomenon. It is a common

means of dispute resolution worldwide—although not always under the name of mediation.

Gradually, however, the business community has also recognised its benefits. The Chamber of Commerce and Industry for Munich and Upper Bavaria already made progress here in the 1990s and was one of the first chambers of commerce and industry to establish its own structures for business mediation.

### **Legal Quality Assurance—The Mediation Act (MediationsG)**

Finally, since 2012 there has been a Mediation Act in Germany. It legally accompanies the dispute resolution process in a mediating capacity. On the one hand, the law regulates mediation in state courts and provides for state judges to act as so-called judges of property. The law also regulates the admission and quality of non-judicial mediators. The Chamber of Commerce and Industry for Munich and Upper Bavaria was a member of the committee of experts that prepared the law and contributed to the content of the law. It was primarily concerned with the quality assurance of mediation and the certification of mediators.

### **Proprietary Mediation Centre in Munich with Its Own Rules of Procedure**

The Chamber of Commerce and Industry for Munich and Upper Bavaria sees particular advantages for the economy in a mediation procedure, which is why it places particular emphasis on this area. It has been offering mediation since 1998 and has had its own Mediation Centre since 2006. This centre has rules of procedure and a pool of 140 certified mediators from which the parties in dispute can choose a suitable personality—or have one recommended. Every year, around 300 companies in the Munich and Upper Bavaria chamber district use mediation.

### **Growing Areas of Application for Mediation**

At the same time, the areas of application are expanding with ever greater reach: While mediation was initially often used for conflicts between companies or between managers within a company, more and more conflicts are now being solved through mediation in teams or between teams and supervisors.

### **The Practical Role of the CCI in Mediation**

The Chamber of Commerce and Industry for Munich and Upper Bavaria supports companies in mediation proceedings both in the run-up to and along the way.

- **Consulting and sample clauses:** The CCI advises on mediation and provides model clauses for contracts.
- **Appointment of mediators:** It appoints competent and neutral business mediators. Over 140 mediators are listed in its pool.
- **Quality assurance:** The CCI only accepts mediators into its pool that are characterised by a high degree of integrity and honesty, and who also have relevant business experience in specific areas. The Mediation Centre (“MediationsZentrum”) verifies their suitability and requests proof.
- **Rules of procedure and, if requested, administration of the procedure:** The CCI offers rules of procedure on the basis of which it administers the mediation procedure for the parties in dispute: it sets up the rules of procedure, provides suitable rooms for meetings and, upon request, also issues enforceable titles on settlements that have been reached. However, the parties in dispute and the mediator can also work together independently of the Chamber of Commerce and Industry according to their own wishes.
- **Bavarian Mediation Day:** With the regular Bavarian Mediation Day, the CCI promotes the topic of mediation and brings together interested companies, mediators and the judiciary.
- **Training of mediators:** By qualifying as a Business Mediator (CCI), the Chamber of Commerce and Industry has developed a training procedure at its own CCI Academy, which has met with a very good response in Southern Germany.
- **Court-based mediation:** It has introduced a further proposal with court-based mediation. In this case, faltering business processes before state courts can be interrupted and an external Business Mediator then attempts to solve the case by way of mediation.

## Advantages of Mediation

Companies usually have good experiences with mediation. They mainly mention the advantages listed below. The compromise reached is binding when an enforceable copy from the Chamber of Commerce and Industry or a notarial certificate is issued. The advantages in summary:

- **Sufficient time:** In mediation, the parties in dispute and the mediator take the time they need, and yet it is usually faster than a court process that may go through several authorities.
- **Intensively processing the conflict:** On the one hand, the contracting parties negotiate the topic more specifically with each other because the accompanying mediator usually has a good understanding of the area of dispute and the industry and can moderate accordingly—the Chamber of Commerce and Industry also pays attention to this when proposing the mediator. On the other hand, mediation usually approaches the conflict in a more fundamental way, it

questions the dispute, looks behind the external cause. Thus, even with experienced businessmen/women, emotional outbursts can sometimes occur because an emotionally charged conflict is concealed behind the superficial subject matter, which the mediator brings to the surface with a great deal of sensitivity.

- **Discretion:** Since mediation never takes place in public, the parties involved can afford to express these feelings without shame.
- **Win-win situation:** In the best case, the dispute is completely resolved after mediation and trust is restored, so that the parties can even continue working together afterwards.
- **Favourable costs:** Another advantage of mediation is the lower costs. A mediation procedure is not measured by the amount in dispute. The costs arise mainly from the hours spent by the mediator.
- **Singapore Convention:** The Singapore Convention, which was adopted in 2019 and is based on a template from the United Nations, will make it possible to enforce agreements drafted under mediation in international trade disputes worldwide. Now the nation states must implement the Convention.

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## Case Studies: Mediation—How Companies Can Sustainably Resolve Disputes

Using two anonymous examples, we will show how effective mediation can be for companies in dispute—and how it can even help bring the companies back together.

### Construction Industry: Ending Disputes in Court

For a full 2 years, says the Munich-based Dr.Kainz & Partner law firm for private construction law, architectural law and public procurement law, two companies—a construction firm and its client—fought mercilessly in various courts. Initially directly, and subsequently through their subsidiaries that were actually completely uninvolved. Previously, the two companies had enjoyed good and even mutual business relations for decades. The “known” reason for the radical change: alleged construction defects and, as a consequence, in the payment of invoices. Several judgements were passed, and a lot of time, money and nerves had already been invested. Despite this, the opponents, who had long since ceased to act rationally, were always looking for (and were able to find) a way to drag their opponent before the judge. A mediation procedure led by the Kainz law firm, to which they were fortunately persuaded, quickly revealed the deeper cause of this doggedness. In



one-on-one meetings, which were scheduled without their respective trial representatives, they explained bluntly why, in their view, they could not give in at all. Their legal colleagues showed understanding for this request—the one-on-one meetings—especially since they themselves had long been irritated by the extraordinarily rocky road the dispute had taken so far. Subsequently, the Kainz law firm learned that the owner of the construction company, who is also a functionary in various industry associations, was far less hurt by the loss of profit than by the damage to his image that he feared to suffer as a result of the—only partial—recognition of construction defects. The firm found a similar motive with the client. There, the junior boss had taken over control at the very moment the new building was handed over. He was, therefore, in the process of shaping his own style both internally and externally. This also had an impact on his conduct in connection with the disputed building defects. Any subsequent yielding on his part, therefore, seemed to him to be an unacceptable signal of weak leadership. For the firm, the solution to the problem was thus obvious. All that was needed was a discreet but clearly formulated indication to both of them that their litigation frenzy was increasingly provoking the very damage to the firm's image with outsiders that they actually wanted to avoid. In the end, the mediator is pleased with the resulting success, as both companies are even doing business with each other again.

### **Advertising Industry: Overcoming Differences of Opinion**

At first there was a good vibe. “We got along well personally”, says the founder and Managing Director of a Munich photo agency and photo community about his former co-partner, the owner of a Munich advertising agency. When the two got to know each other, they quickly agreed that a form of business cooperation could be useful for both of them. At the end of 2005, the advertising agency boss joined the picture agency as a partner. The young, rapidly expanding company was to benefit from his know-how in the field of public relations and marketing, and in return he was to gradually receive more shares in the company. But after a few months there were differences. “There were different opinions about the corporate strategy” says the advertising agency boss. After many discussions and warnings, one thing became clear after a year: further cooperation would no longer be possible. Both parties consulted their lawyers, who agreed that the contracts were highly complicated. A legal dispute can therefore be quite lengthy, the outcome completely open. The opposing parties decided on an alternative and agreed to try mediation. The head of the picture agency therefore turned to the mediation centre of the CCI. They were looking for a neutral third party, a mediator who is specialised in company, media and labour law and who knows the industry. The CCI recommended Prof. Dr. Mathias Schwarz, a lawyer and mediator experienced in the field of media and internet, who is also a certified public accountant. “Prof. Dr. Schwarz fulfilled all our expectations”, says the boss of the picture agency. The first mediation meeting was held at extremely short notice, after just two days. In a relaxed atmosphere, the opponents meet in the office on neutral ground for a long,

intensive conversation. Both parties greatly appreciated the neutrality and expertise of the mediator. “During the conversation, the hardened positions loosened up”, says the advertising agency boss. “Everyone reflected on their situation and tried to understand the other’s point of view”. It is necessary to find a sensible solution in terms of corporate law and tax law. While the proposed solutions were still far apart at the beginning, both sides also showed very clearly that they were looking for an agreement, says mediator Schwarz. At the end of a strenuous but productive day, the three of were convinced that they would find a joint solution. The second session therefore lasted only a short time—within two hours the key points of the agreement were jointly put down on paper. After one week, the mediation was concluded and the conflict was resolved amicably. One year later, the two parties are still very satisfied with their agreement. Compared to a dispute in court, both of them consider speed and low costs to be the most important arguments for mediation. And with a view to the future, the head of the picture agency says: “We can look each other in the eye again, even some form of cooperation would be possible for me again on another level”.

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## Portraits

*A CCI lives from its members. The more committed they are, the better the tasks of the CCI can be implemented—especially the overall representation of interests but also a number of public tasks assigned by the state. The following portraits demonstrate this.*

The CCI for Munich and Upper Bavaria was spoilt for choice. Quite a few members work intensively for the Chamber on a voluntary basis, as examiners, in the technical committees, in the regional committees and in the general assembly. The portraits below are therefore only a small selection of committed CCI members who are above all committed to the model of the honourable merchant. They want to advance their companies but also the economy as a whole—but not at any price. They take responsibility for employees, partners, the environment and society and always look beyond their own horizons.

## **Portrait 1: Klaus Bauer, Bauer Unternehmensgruppe GmbH & Co. KG—Defining Shared Knowledge as Practical Benefit**

**Klaus Bauer, Photo Credit: CCI for Munich and Upper Bavaria/Goran Gajanin\_Das Kraftbild**



It has been a while since Klaus Bauer became the “successor” of the family business. Quite the opposite, as his daughter Barbara, has just succeeded him in the fourth generation in the management of the family business in Weilheim, Upper Bavaria. But the thoughts that moved him, the perspectives he faced and the responsibility he assumed when he himself joined the management in 1979 are still present in his mind. At that time, for example, he could not imagine how the economic area of Upper Bavaria would develop in four decades—and what that would mean for his own company. “At that time, I set myself the goals of further developing the location that previous generations had built up and making the company fit for the future. As a young person, I perceived Upper Bavaria as a limitation, not as an opportunity. It has developed in a completely different way”.

In his view, this development is particularly visible in two places. On the one hand, there are the high-tech landscapes in the north of Munich around Garching with its technological centres. On the other hand, he also notices serious changes where the Bauer Group is at home, in the area around Landsberg am Lech and Weilheim. “This region has expanded through good work and sound economic policy, and through agile entrepreneurs, of course. We all benefit from this—and must now accept the consequences”. For example, the fact that only limited space is available to expand existing companies or to attract new ones. Where, as with the Bauer Group, earlier generations had made provisions, there was still room for manoeuvre. But this must be handled carefully because further land acquisition is no longer possible.

Bauer sees it as a classic entrepreneurial task to recognise and seize opportunities. Not only for his own company with its 230 employees but also in the interests of the locations and the people who live and work there. From his point of view a real joint project or teamwork: “If I want to change something, I have to take

the people and their ideas with me. You can't just wait and see". You can tell in conversation with him that he would find it dishonest if someone were to rant and moan about the conditions, but would consider it beneath themselves to do anything.

If you take a closer look at his company, you understand where this way of thinking comes from. The very slogan of the group of companies specialising in machines and technology signals that theory and practice work well together: "We bring your machines to life!" On the one hand, it is important to keep up to date with technical progress and to allow one's own knowledge to flow into innovative products; on the other hand, it is important to understand what customers need, which tools and processes will make them more successful and where one's own contribution can be made.

Understanding and enthusiasm down to the last detail are required, for example, where components—from one-offs to small series—are manufactured for international customers in the Bauer workshops. These are also required when the company's own know-how is put to good use in contract manufacturing for external and in-house designs, with the spectrum ranging from sub-assemblies to complete machines. The company also sees itself as a specialist in the development and optimisation of manufacturing processes and accompanies the customer's ideas through to series production. In addition to individual components, complete systems and machines are planned and manufactured according to the customer's requirements. This is where performance promises come into play which read like the decathlon plan of a top industrial athlete: "We bring prototypes up to series production readiness and handle the complete process management. Our services also include acceptance, certification and commissioning. Our product portfolio includes machine tools, transport systems, handling systems and many other production machines and assemblies".

The two other business lines also deal with highly technical topics. "Motoren Bauer" sees itself as a service centre for engines and vehicles and offers a comprehensive range of services in the areas of vehicle and engine service, as well as the sale of engines and spare parts. In its own workshop, vehicles of all kinds are repaired—from passenger cars, vans and motor homes to a wide variety of commercial vehicles and buses. BTS GmbH, in turn, is one of the leading suppliers of exhaust gas turbochargers on the independent aftermarket and carries new and replacement turbochargers for all applications and all brands. In addition to turbochargers for cars, trucks, construction machinery, industry, agriculture, sport and tuning, BTS also supplies complete mounting and assembly kits. The latest technologies are used within the Bauer Group. In the field of re-manufacturing, for example, BTS benefits from the distinct professional-industrial standard of the production process as well as from state-of-the-art machinery. The Bauer Group also relies on the latest technologies in areas such as IT and communication, thus creating an optimal working environment for the parts trade of BTS.

At Bauer, precision and an understanding of detail are not only important to our external business partners but also to our own company. As an entrepreneur, he is a role model, he argues. “Our company was one of the first to fit energy insulation to its halls. This was a signal that environmental protection is a high priority for us and that we actively embrace corresponding innovations and further developments”, he cites an example. “Fortunately, this renovation also reduced energy costs by 30%”.

Communicating such successes is part of the role model function that he plays at the local level—through his involvement in the Weilheim Entrepreneurial Circle—which he also incorporates in his voluntary work at the Chamber of Commerce and Industry. Bauer is a member of the CCI general assembly, chairman of the Weilheim-Schongau regional committee. “Sustainability is a fundamental topic for our economy. I have to deal with that. If I come up with something on this, I share it with other companies”. Although he admits that he has had little time for this in the past. With the regulated succession, however, he now has “more room” for this task again—plus the far-sightedness and experience of decades of entrepreneurial life.

Conversely, he not only passes on information, but is also on the receiving end. “I give and I take”. Every event that he attends, “I see as my personal further education”. Especially the CCI, with its direct access to knowledge about current political and global events, proves to be a useful source time and again, when the individual entrepreneur is told in the course of time: “Come up with something”.

**Box: Bauer Unternehmensgruppe GmbH & Co. KG**

The family-owned company with headquarters in Weilheim has three service areas: Bauer Maschinen und Technologie GmbH & Co. KG is a system partner for the complete production and assembly of machines and components. Motoren Bauer GmbH & Co. KG specialises in the field of vehicle and engine service and spare parts sales. The third pillar, BTS GmbH, is one of the leading suppliers of exhaust gas turbochargers in the independent spare parts market. The company employs 220 people.

CCI commitment: Klaus Bauer is a member of the CCI general assembly and chairman of the CCI regional committee Weilheim-Schongau.

## **Portrait 2: Ingrid Obermeier-Osl, Franz Obermeier GmbH— Taking Over a Family Business and Growing in Line with the Spirit of the Times**

**Ingrid Obermeier-Osl, Photo Credit: CCI for Munich and Upper Bavaria/Goran Gajanin\_Das Kraftbild**



“Volunteering for the economy is in my blood”. Ingrid Obermeier-Osl’s answer as to how she came to the CCI sounds, at first pass, like a sober statement. Anyone who thinks they can interpret this authentic statement in any other way should listen to a tape recording of the sentence over and over again and would not be able to determine anything else. The businesswoman from Schwindegg in the district of Mühldorf is not someone who leaves things hidden between the lines or adds a certain undertone to a statement. She is like the tree, the forest, which provides her with the material for her company: upright, resilient, straightforward and genuine. She develops her full effect in connection with a task or a longer conversation. That’s where each branch of the conversation, each branch of the discussion gets its deeper meaning in the larger context.

“I have taken over the family business”, as Ingrid Obermeier-Osl makes it clear to her counterpart, does not act out of inevitability. This sentence tells of entering into responsibility, of accepting a task. This also gives the next sentence its significance. “My father was active in the honorary office of the CCI, I am an entrepreneurial child and like to be active for the companies in the CCI”. She knows that an institution based on volunteering is always looking for volunteers who do not see participation as a pastime but as an expression of their entrepreneurship. Doing something, shaping something, not accepting that things remain as they are or even deteriorate because nobody cares is the attitude of an Ingrid Obermeier-Osl.

When her father was still holding the company's management function in his hands, she was already envisaging herself in the role of future successor. She recognised the benefits of a network long before the term took on its current interpersonal meaning. She understood that although she could take over the business one day, she would not automatically enjoy the connections that would allow the business to thrive. Because she assumes that not only she but also other successors, feel the same way, she founded the Junior Chamber in her home region in December 1982. "This is a network without a background" she says, "a community of responsibility for the good of our location, our community". Nepotism in the sense of "If you help me, I'll help you" is abhorrent to her and especially to people who only want to use these networks for business contacts. "Business can happen all by itself in networks" is her credo.

Long-term interest rates instead of quick returns. This is someone who has sustainability in her blood. No wonder—the timber industry once founded this principle, and it still lives by and from it today. The entrepreneur sums up the result in one sentence: "The friendships of that time have often lasted until today". Some of those who were active with her at that time in the Junior Chamber of Commerce (JCI International) are now involved with her in the Altötting-Mühldorf CCI regional committee. This is a good example of how volunteer work can have an impact on interpersonal relationships for decades.

The other side of Ingrid Obermeier-Osl shows itself where the family business is concerned. Here, the proximity to the material wood is unmistakable. The deeply rooted type with the annual rings of what has been experienced and endured. The unceasing transformation of the elements. The organic growth. The power of the individual tree and the strength of a forest. Wherever you leaf through the imaginary chronicle of Franz Obermeier GmbH, you will find evidence of this: wood shapes the business through and through.

The development and change that the company undergoes is also similar to that in an ecosystem. First of all, the sawmill, built in the founder's hometown 60 km east of Munich with a view to utilising expansion options and where, originally, mainly spruce roof trusses were produced to support the constant growth in Munich. Then came the next stage, when industrial processing was added to the supply of raw materials, and hardwood was now used to produce frames for the upholstered furniture manufacturer Himolla. And at the other end, thanks to professional thinking and acting, the underlying business grows and the first exports of sawn timber are realised to companies in Europe. Then, over time, the simple supplier becomes increasingly competent; in addition to frame construction, the timber mill also takes on logistical tasks. In addition to new production and storage facilities, shipping is also optimised so that the finished racks can be delivered directly to the customer's production facility.

A life's work for an entrepreneur who nevertheless ensures early on that the young seedlings can mature in the family forest. Daughter Ingrid and son-in-law Georg Osl acquired their first experiences in the company at the end of the 1980s and from then on supported the company founders.

Then, shortly after German reunification, came the next evolutionary leap for the Obermeiers. The regional brickworks and the chemical industry require a growing number of disposable wooden pallets, which are now produced mechanically in large quantities from coniferous wood in the timber plant. At the same time, in view of economic fluctuations and the dawning globalisation, the realisation was beginning to take hold that the future belongs to product diversity—and entrepreneurial thinking to an even higher degree of innovation. The first solid wood panels for the German furniture industry in beech were produced in Schwindegg. This was a completely new sales market, but it also required ongoing investment in machinery and associated in-house energy generation, as well as capacity expansions in the area of timber drying.

It was at this point when Ingrid Obermeier-Osl noticed two things for herself. Firstly: "You can stay true to established ways and adapt to the times. But you don't always have to change everything to keep up with business". Second: "As an entrepreneur, I have to be authentic. I have to go through life both straight and upright. Even though not everyone may like what I do, everyone knows where they stand". Before "HR" and "Employee Development" become management tasks, the young entrepreneur embraced the human factor in her company.

It is the moment in the conversation when one becomes aware of the paradoxes of this biography: Ingrid Obermeier-Osl is the best example of how it is not the quota that puts a woman in a management position. At the same time, however, she provides plenty of evidence that a mandatory opening of male-dominated executive floors for more female power is beneficial to the economy.

The way she deals with the issue of training alone. It is not only the owner of a company who is concerned about the next generation of skilled workers. There is also someone who is concerned about the existential worries of a family that wants to ensure an adequate future for their children—but has difficulty doing so. It is thanks to Ingrid Obermeier-Osl that for some years now a "vocational education train", the "CCI Education Express" in November, has been travelling through the districts of Mühldorf and Altötting to Salzburg, which the local CCI regional committee has put into operation. When you talk to her about it, a smile beams across her face. "It was worth every effort to implement this". Creating an environment in which young people find it easier to overcome their shyness and insecurity about career orientation—everyone benefits from this. Even the clever "pusher" has learned something for herself: "Training gives you many opportunities to make a difference. Even to leave well-trodden paths and break up outdated structures.



But Ingrid Obermeier-Osl makes no secret of the fact that she still sees herself “in training” to become a boss and entrepreneur: “I learn from practice every day” she says, referring to the immigrants who have recently come to Germany, including in her company. “It is my job as an entrepreneur to educate these people about our social system, for example. It is completely foreign to them and there is no school where they could learn it more effectively. Except in our company”.

She likes to share such insights with others. In the local community council, where she still participates and helps shape the future. On the supervisory board of Kreiskliniken GmbH, where she looks at hospital policy from an economic point of view. And in the Chamber of Commerce and Industry, where she contributes a good proportion of her time to the regional committee, as a member of the general assembly and vice president, and as chairperson of the working group “Women in Business”. “It all comes down to a measured approach” she says about the share of voluntary work while being an entrepreneur. “You have to do the tasks you set yourself properly and with passion”.

Ingrid Obermeier-Osl—the economy in Upper Bavaria has found someone who leaves a real mark.

**Box: Franz Obermeier GmbH**

Franz Obermeier GmbH in Schwindegg is one of the leading wood processing companies in Germany with an annual capacity of 60,000 solid cubic metres of hardwood lumber or 20,000 solid cubic metres of softwood lumber from regional, PEFC-certified stocks. The company was founded in 1956 and has 185 employees. Its range of services includes industrial production for premium furniture manufacturers in Europe and for craftsmen, as well as wooden pallets for industry.

CCI commitment: Ingrid Obermeier-Osl is Vice President of the CCI Munich and Upper Bavaria, Chairwoman of the CCI Regional Committee Altötting-Mühldorf and Chairwoman of the CCI working group “Women in Business”.

### **Portrait 3: Dr. Eberhard Sasse, Dr. Sasse AG—Showing Attitude: “Responsibility has Many Facets, but Only One Face: The Entrepreneur”.**

**Dr. Eberhard Sasse, Photo Credit: CCI for Munich and Upper Bavaria/Goran Gajanin\_Das Kraftbild**



In his mid-20 s, a young man sets up his own business in Munich. He has just finished his studies there. The rebellious atmosphere of the late 1960s has rubbed off on him. Even though he later refers to himself as a “young-spirited sixty-eight-year-old”, he thinks nothing of manorial hierarchies, of bullying, and in the end, of state paternalism. Nothing at all. He gets his source of guidance on how entrepreneurship should look like mainly from friends. A few bankers and entrepreneurs also enjoy his attention. Nevertheless: Eberhard Sasse’s business plan consists of “trial and error”.

He also brings a little experience with him. During his studies he sold ice cream (successfully) and Christmas trees (unsuccessfully). The opportunity was favourable, both times, but the market only once. In the long run neither commitment led to the “big time”, so to speak. His main concern was to earn money during his studies.

The next step, with a doctorate in political science in his pocket, leads to a more professional path. In 1976, Sasse took his first step into facility management and founded his own company. A handful of employees work there, he is an entrepreneur, even though he still doesn’t want to be part of the establishment. He meets like-minded people in the association of entrepreneurs—and together with them he is dissatisfied with what they offer him. The association lives from contributions and sponsors who try to acquire new business at events. “The logo of the bank at a seminar or training session was more important than the exchange of experiences among themselves”, Sasse remembers. “That had no future for me”.

But the future had become more serious for his own cause. “The growth of the company made me go from bad guy to good”, he recalled. The arc of life takes a turn, the institutions are no longer cloaked in horror. At least one of them: “It was at

this point that I began to deal with the Chamber of Commerce and Industry. And I could see that the legislator had set up its role and task quite well”, he says in retrospect. What he particularly liked was that a small company had as much of a voice as a big one. But that the contributions were levied according to performance and size.

The deeper Sasse looked into the principle of the CCI, the more convinced he was of its structure and work. When it comes to organising and supporting vocational training, for example, he quickly comes to the conclusion that much higher funding would be necessary if this were in the hands of the state. “An organisation supported by active entrepreneurs thinks differently about efficiency and the use of funds. You can see that in every nook and cranny”, he says in his analysis. He arrives at exactly the same assessment when it comes to the topic of “self-governance”.

What impresses him most, however, is the performance of the CCI as a “think tank” that acts without outside influence and yet delivers affordable services. He also takes careful note of the intensive cooperation between the primary employees and the representatives of the voluntary sector. He makes extensive use of the opportunities because in the meantime the Sasse company has become a fast-growing provider of facility management. Comprehensive knowledge of the location and industry, as well as access to independent information and market analysis, innovations and technologies, are a hard currency for his business decisions and expansion plans. “This was a massive, well-founded information resource”, he says, with a gap of roughly four decades.

For him, being independent is more than a principle. It is a matter of course. When asked how he balances work and family, Sasse likes to compare life to a traditional, hand-stitched leather football. Its shell consists of many individual patches “and depending on which of these patches he is falling on, some are in view and some are not”. In any case, it’s all about keeping the ball in play—and Sasse’s football is not just about landing in the back of the business net. So he starts looking for a partner, finds her, makes plans for a family together with her—and suddenly you’re in charge of a second company, have to divide your attention between two tasks and your strength, too”.

The lesson he draws for himself and shares with others from this transformed entrepreneurship is: “Don’t make any lazy compromises”. His own family makes him—a person who has felt so close to his employees from the very beginning—even more open to social concerns, as they are anchored in the model of the honourable merchant. Not only does he have to provide work for the employees entrusted to him, he also has to ensure that they are well looked after in their environment and that their livelihood is secure. At a booming, highly attractive location like Munich, this is no trivial challenge when you are in a sector that has many employees in the low-wage sector. The work force is existential for

Dr. Sasse AG, but their own existence suffers from the high cost of living at the place of work. Much earlier on than many other companies, Eberhard Sasse becomes an advocate of the minimum wage in order to provide his people with a livelihood and to give his company a competitive edge.

Wife Christine plays a key role in Sasse's understanding of a family business. She is a partner at eye level, an entrepreneur with her own profile and style—and a co-executive director in the AG. What both share is an understanding of being an entrepreneur and the values associated with it. The fact that they also exemplify these at home lays the foundation for the daughters to become familiar with what it means to be an entrepreneur from an early age. “In our children's reactions to rules and values, we not only recognise the influence we have on them. It is also an expression of our credibility”, says Sasse. “Now replace the word ‘children’ with ‘employees’ or ‘business partners’—and you will recognise a central element of thriving together”. In practical terms, this means that the head of the company can confidently take a hand in many facility management activities and that the future bosses have spent a few months working in the regular teams at airports and bus stations. “Voluntarily” as the father points out. After all, succession was a wish, but not an order placed on their daughters.

This essentially corresponds to the fundamental attitude of the philosopher whose ideas for Eberhard Sasse were always, and still are, guidelines for entrepreneurial behaviour within the framework of a state apparatus: Adam Smith. Entrepreneurs built something that should last for a long time and not only provide good balance sheets in the short term; his independence thus became the motor of society and all its members. That is why, following Smith, he sees the greatest possible individual freedom of movement and design within a stable and reliable framework as a desirable ideal state of affairs—and also recognises it in the self-image of a modern chamber of commerce and industry: “We should be able to rely on one another”.

This ultimately answers the question of why he volunteers. Finally, the support he received from the CCI reinforces his understanding of independence: “If you want changes, then take matters into your own hands. Otherwise others will change it for you”. Initially as a commercial judge, and later as an elected member of the general assembly at the Chamber of Commerce and Industry, he devotes a good part of his time to the service of the community and society. “We must not only demand and make demands. If you recognise that an institution is good and useful and allows one to collaborate there, then you should also get involved”. Especially since the extensive support provided by the primary office provides a solid basis for the volunteer entrepreneurs to be productive: “We can thus carry out our tasks and initiate changes”.

With a good 6,000 employees in 40 branches and an extensive presence in other European countries, Dr. Sasse AG is today “one of the small players among the large multi-service providers” in facility management. It faces up to the change in the industries it serves, from local transport to aviation, from industrial production to real estate, with the typical advantages of an agile unit with flat structures and with an inner readiness for change, including digitalisation as the most prominent factor at present.

Sasse is well aware that the predicate of a family business itself is being put to the test. He argues that in no family will things be the same tomorrow as they are today. “The common origin connects individuals over generations, but it does not force them to leave everything as it was. If we look at Queen Elizabeth and Prince Harry, we understand what that looks like”, he cites as an example. “In our company, too, several generations live under one roof, both in leadership and in teams. We talk to each other, exchange experiences, learn from each other, marvel and admire each other—and are as close to life as you can get. Where elsewhere powerful hierarchies are at work, the family business has short communication and decision-making channels. Where others have to get their ideas and impulses from outside, they grow from within the family business. “We do not change because we have to, but because we can and want to. That makes the difference. And that’s why family businesses are much more modern than some people think”.

**Box: Dr. Sasse AG**

Sasse Group is an internationally active family business and one of the leading German facility management providers. Founded in 1976, the Group of companies has its headquarters in Munich. As a family business, Dr. Sasse AG is primarily concerned with personal responsibility for employees, customers and partners. With its name, the Sasse family stands for the high quality of services and for a responsible, people-oriented management style. It exemplifies an understanding of closeness and mindfulness, which permeates the entire company. The company employs about 6,000 people.

CCI commitment: Dr. Eberhard Sasse is President of the Chamber of Commerce and Industry for Munich and Upper Bavaria and President of the Association of Bavarian Chambers of Commerce and Industry (september 2013–june 2021).

## **Portrait 4: Michael Steinbauer, Deutsche DOKA Schalungstechnik GmbH—Working for the Economy in a Strong Community**

**Michael Steinbauer, Photo Credit: CCI for Munich and Upper Bavaria/Goran Gajanin\_Das Kraftbild**



When in 150 years a small carpentry company becomes a globally operating shuttering company, then more than time and the market has changed. Then, over several generations, a changing understanding of technology and strategy, of customer partners and employees, of competence and responsibility will have left its mark and ensured lasting change. This is roughly a summary of what makes up the Austrian “Umdasch Group”, which is represented in Germany by the subsidiary Deutsche DOKA Schalungstechnik GmbH, based in Maisach, to the west of Munich.

The abbreviation stands for “DONauKrAftwerk”. For such a plant, which was built in 1954 in Ybbs, Austria, wooden planks were required. These were supplied by the Umdasch Group. The carpenters on the building site joined these together to form large panels. And because this was laborious in the long run, the building contractor for the power station ordered large-area wooden boards—and the contract was won for the delivery. A new product was born. At first still connected with claw dowels, and later glued. In any case, a small revolution in the construction industry.

A classic example, therefore, for the emergence of a hidden champion in medium-sized companies, as with many other cases in the two neighbouring countries of Austria and Germany. It is also typical that such a family-run company does not move anonymously in the economic and social sphere, but shows itself and assumes responsibility. The German DOKA has appointed an employee to represent the company in the Chamber of Commerce and Industry. Michael Steinbauer is a “specially appointed representative” of his company. This is the legal-formal difference to companies that are owner-managed or where the respective Managing Director takes on a voluntary activity at the CCI—an external

difference, therefore. From his inner motives Steinbauer is just as committed to this as anybody else and sees himself as an employee who embraces entrepreneurial thinking.

“I came to the CCI in 2004 through my work as an examiner and was awarded a chairmanship of the examination quite early on”, recalls Steinbauer, who is responsible for the personnel and training departments in his company. Examiner means invigilating final examinations for young people who have completed vocational training. “My basic motivation came from the field of dual vocational training, which back then (and still today) I see as a decisive competitive factor in Germany”, Steinbauer adds. Nowhere else in the global economy is there a comparable training structure that combines the acquisition of practical knowledge in the company with the acquisition of all the necessary theoretical knowledge by attending vocational schools in tandem. The resulting skilled workers are considered a key factor in the quality claim of “Made in Germany”.

“When I nominated our company for the CCI trainer award and we came in third place, the celebration ceremony gave us our first contacts with CCI representatives”, Steinbauer reports. The discussions developed into an invitation to work in the CCI regional committee in Fürstenfeldbruck, which he accepted and for which he then stood for election by the members. He was elected to the committee and finally to the position of Chairman: “The exchange between entrepreneurs, the sharing of knowledge under the roof of the CCI—that was a motivator for me because it fits my job description as a personnel developer.

His view of the work of the CCI, as well as his own commitment, is shaped by what has developed from this start since then. First of all, there is the topic of regionalisation with which the CCI has strengthened its impact and presence in parts of Upper Bavaria. As Chairman of the regional committee, Steinbauer was one of the strongest supporters and a driving force in its reorientation. Proximity to the customer, i.e. the members, and stepping out of the “glass palace” of a centralised organization would have paid off, just like a company. “The local perception of the Chamber of Commerce and Industry has strengthened and changed—from a compulsory contribution structure to a service partner for entrepreneurs” he summarises.

There has also been progress at the regional level in his own environment, which stands for a “new” CCI—and which gives more weight to his core topic of “dual vocational training”: “The honouring of examiners for their voluntary work is not a compulsory event, but a genuine expression of appreciation, which thus also receives the publicity it deserves”. The same applies to the festive setting for trainee graduation ceremonies, to which keynote speakers are regularly invited. “This is the form of appreciation that we cultivate in the companies’ personnel development, in order to increase our attractiveness as an employer, and this also fits in with the CCI’s approach to volunteering.

Steinbauer, who is also a member of the CCI general assembly, also estimates the benefits that the CCI brings to the day-to-day work in the company to be significantly higher in comparison to the past 15 years. “The principle of dealing with (and passing on) topics step by step has proven its worth: from the individual entrepreneur via the regional committee to the general assembly”. The knowledge gathered from the individual companies, sectors and regions is combined with the ability of the CCI as an organisation to recognise political signals early on. This cooperation provides the basis for adapting to changes and new challenges in good time, for example in trade agreements or the so-called “diesel city” issue. In such cases, the trust placed in the CCI because of its party-political neutrality proves to be an advantage for all companies—which would never be able to do this on their own.

Steinbauer, who is in agreement with the owners of his company in this respect, intends to continue his voluntary commitment to the CCI to the best of his ability. “The cost of working in the regional committee, in the committees and in working groups such as ‘School & Business’ is manageable and can be planned”, he says. With pressing issues such as the problem of a shortage of skilled workers, the provision of affordable housing, digitalisation or de-bureaucratisation, there are a lot of tasks that require a strong business community. A community which, as is the case with the CCI, takes on sovereign tasks. This makes sense because experience has shown that “if the state were to take over, taxes would be due and implementation would be more expensive”.

**Box: Deutsche DOKA Schalungstechnik GmbH**

Doka is one of the world’s leading manufacturers of formwork and scaffolding. Doka’s range of products and services extends from civil engineering to bridge building, tunnel construction, infrastructure construction and high-rise construction. The company employs a workforce of 6700 people at 160 locations in 70 countries across five continents.

CCI commitment: Michael Steinbauer is a member of the CCI general assembly and Chairman of the Fürstenfeldbruck regional committee.



## **Portrait 5: Kathrin Wickenhäuser-Egger, Wickenhäuser & Egger AG—Upholding the Value of Giving and Taking**

**Kathrin Wickenhäuser-Egger, Photo Credit: CCI for Munich and Upper Bavaria/Goran Gajanin\_Das Kraftbild**



Playing host to others is one thing. Being a successful service provider in a big city is another. Kathrin Wickenhäuser-Egger is aware of the special role she plays as the owner of a traditional, family-run hotel in the centre of Munich. “Our industry is constantly changing. You have to pay careful attention to which proven strategies you can continue to build on—and which innovations and new challenges you can face without hesitation”. Only when these basic requirements are met can service and communication with guests reach an appropriate level.

As a tourist hot spot, the Bavarian state capital is in competition with the world’s major cities. For many travellers it is one of the “Places you must see before you die”, as a bestseller among travel books puts it. But this also means that the Munich market is open—and this openness consciously contributes to the market—to change and transformation in the field of tourism services. Hotel companies, for example, have had to contend for some time now with the fact that “Airbnb”, a completely new concept for overnight guests, has claimed a share of the market as a competitor. This disruptive business model not only turns common market mechanisms upside down, it also calls into question the calculations of traditionally operating companies.

What Wickenhäuser-Egger finds disturbing about this and comparable competitors for the preference of travellers: “There is a lack of fair competition. Such providers have so far operated largely in a legal vacuum. What is legally required for commercial inns, B&Bs and hotels, for example in terms of security measures is not necessary for private providers. This of course allows them to set completely different prices” the entrepreneur gives us as an example. This is one of the reasons, by the way, why she is involved in the honorary office of the Chamber of Commerce and Industry because she sees ways and possibilities to counteract

undesirable economic and regulatory developments. Not only in her own industry, but “for the economy in general”.

The new competition that is emerging is only one aspect among many. Wickenhäuser-Egger, the fourth generation of the family to run the family business, is well aware of this. In her work, she relies not least on the “entrepreneurial gene, which is obviously strongly developed in our company”. In 1912, more than 100 years ago, the great-grandmother had taken the economic fate of the family into her own hands and demanded her place in a male-dominated society. By selling motorcycles and cars in Munich, she had followed the spirit and market opportunities of her time—and her own passion. After all, Hilda Wickenhäuser was one of the first female racing drivers for hill climbs in Germany.

In the course of time and over the generations, the entrepreneurial preferences and the family understanding of the economic utility of one’s own property changed. Where once chic car bodies waited for their buyers and diligent workshop hands restored the vehicles of their owners, a hotel replaced the car dealership in 1986 by way of family decision. “I grew up with both businesses”, says Wickenhäuser-Egger, “and both have fostered my interest in entrepreneurship”. The logical consequence: After studying Sociology at the Ludwig-Maximilians-University in Munich, she graduated with a thesis entitled “Success factors for the intergenerational transfer of family businesses”. In 2008, she also received her MBA for company founders and successors at the Deggendorf University of Applied Sciences.

After the “transitional years” with renowned hotels such as the Raffles Hotel Vier Jahreszeiten or the Kempinski Hotel Atlantic in Hamburg, her professional career finally began in 2006 at her parents’ company—the Cristal Hotel Betriebsgesellschaft mbH. “The hotel doesn’t let you go once you’ve let it catch you”, says Wickenhäuser-Egger. “It is an exciting stage with an infinite number of individuals. That’s how selling becomes a living world of its own”. Working with people, providing services for people, both are close to her heart, “not least because of the daily encounter with cultural circles in all of their facets”.

At home, she first started out in the position of Marketing and Sales Manager, then she became Marketing Director. She has been the company’s Managing Partner since 2008. When Wickenhäuser & Egger AG was founded in 2012 to mark the 100th anniversary of the Wickenhäuser family, she and Alexander Egger took over the management of the company. The company portfolio includes the 4-star Hotel Cristal, the 2-star Hotel Dolomit, the 1912 Restaurant & Bar and the Münchner Stubn, the WE Conference Centre and the CarPark Cristal.

A wide range of services are on offer in a well-structured company, which nevertheless has to prove its right to exist every day. After all, in addition to disruptive competition, other strong market forces also have an impact on the company’s own business model. There is, for example, the growing number of boarding houses in Germany that aim for long-term stays and get by with fewer staff than a traditional hotel. There is the search for skilled personnel, which particularly affects the hotel and catering industry with its often strenuous activities and 24/7 service availability. Here, according to Wickenhäuser-Egger, employer

attractiveness plays a key role, including the “human factor”. As a manager, she applies exactly the same criteria in dealing with her employees as she does with her guests: “Saying please and thank you, taking time for a friendly word, showing a moral attitude”. The fact that she is committed to the part-time training of junior staff in this context is only logical. “As entrepreneurs, we must always look for best practice and apply it to our needs”, she says, “and then put it into practice”.

What the young hotel manager also has to deal with is the handling of hotel property. This involves space optimisation and energy-efficient renovation, keeping the catering facilities up to date and flexibly responding to customer wishes with fitness and business needs. On the one hand, there is the location to the south of Munich Central Station—a colourful, lively quarter where you can experience the sight of more than just glitz and glamour. Nonetheless, the family, above all their father Fritz Wickenhäuser, has been committed to this piece of home for many years, he wants to keep the environment of their living and working place attractive and worth living in and uses its extensive network, which also includes the CCI, to this end. Both the father and now the daughter have decided on voluntary work in order to use and serve their location—and thus improve the general conditions, which also benefit their own company.

In general, Kathrin Wickenhäuser-Egger considers her voluntary commitment to play an important role alongside her professional activities. In addition to her office as Vice President of the Chamber of Commerce and Industry for Munich and Upper Bavaria, where she sees education and social issues as her main focus, and Chairperson of the CCI working group on “Corporate Responsibility”, she is a Bavarian training ambassador and commercial judge. She contributes her expertise as a member of the Education Committee of the Bavarian Hotel & Restaurant Association and the Tourism Committee of the Bavarian Economic Advisory Council, as well as the CCI. For locals, she organises district tours in the context of the Munich adult education centre (VHS). She is also a member of the IN VIA Council. This is a Catholic charitable association and a recognised provider of youth welfare services.

Wickenhäuser-Egger is aware of the value of giving and taking. Her own company has also experienced crises in which it was dependent on the help of others. She recalls the economic crisis of 2007/8, in which “tourist markets originating from countries such as the USA collapsed, which are simply existential for our industry”. When the SARS crisis (Severe Acute Respiratory Syndrome, an infectious disease) followed shortly afterwards and caused the business to suffer continuously, “we turned our company upside down”, she recalls. In retrospect, the exchange with other companies, including companies from outside the industry, was very helpful: “Everyone knows a little bit about something, but in a bundle you get a lot”.

At such a time, the CCI proved to be particularly valuable as a platform for communication and knowledge transfer. Which is why they offer their own experience to all those who have doubts as to whether the work and service of the CCI is also useful for them: “When things are going well, you get less involved. When things get tough, you’re grateful that you belong”. The rejuvenation of the

committees, the greater diversity of the locations and sectors represented, the increasing liveliness of the discussions, and the (now higher) proportion of women involved—all this shows, in her view, that this insight is gaining ground.

**Box: Wickenhäuser & Egger AG**

**The Munich-based company is now in its fourth generation.** It includes the 4-star Hotel Cristal and the 2-star Hotel Dolomit. The company also owns the restaurants Münchner Stubn and 1912 Restaurant und Bar, the CarPark Cristal and the WE Conference Centre. Not to forget the innovative stands “Scharf Bude” (used at street festivals), “We love Brez’n” (used at the alternative market Tollwood) or “Brenz’n Kathl” (used at the Oktoberfest).

CCI commitment: Kathrin **Wickenhäuser-Egger** is Vice President of the CCI for Munich and Upper Bavaria and Chairwoman of the CCI “Corporate Responsibility” Committee.

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**Portrait 6: Sonja Ziegltrum-Teubner, Bayerische Blumen  
Zentrale GmbH—Giving Responsibility the Family Name**

Sonja Ziegltrum-Teubner, Photo Credit: CCI for Munich and Upper Bavaria/Goran Gajanin\_Das Kraftbild



Early in the morning on a country road near Parsdorf, east of Munich a dozen or so vehicles roll along like a string of pearls. All different models and sizes. But if you take a closer look, you see open loading areas, folded back benches, transport boxes. One vehicle after the other now turns off the road, towards a small group of buildings behind a row of trees, in the middle of which is a large hall. “Bayerische Blumen Zentrale” is written on the company sign and the impression deepens that nobody comes here for a small bouquet, but to buy “green” on a large scale.

This impression is confirmed a few minutes later in a conversation with Sonja Ziegltrum-Teubner. She does not sit down with her visitors in the meeting room, but in the cafeteria, where a beguiling mixture of scents from the world of plants and breakfast delights wafts around the nose. The spark ignites immediately and the message is pleasant: the woman, who is the third generation to run the medium-sized family business, does not claim any privileges. She wants to be right in the middle of the action and let her visiting entourage participate in the atmosphere of the company. Not everything that goes into a company portrait needs to be spoken, printed or presented on PowerPoint pages. The two old ladies pushing a shopping trolley with potted plants past the door, they are just as much a part of it as the man in a work suit who is heaving a pallet of potting soil onto his pickup truck, and the young woman with the stack of cardboard boxes full of decorative material who is turning the corner.

It all started with a market garden in Giesing. That district in the south of the state capital, where Munich is as “Munich-like” as can possibly be imagined. Her grandparents built up the business for a few years until it was destroyed by a bombing raid in the Second World War. The seeds of the next business were then sown outside the city limits, even a little bigger this time. With the increasing saturation of people in the wake of the economic miracle, the first crop rotation in the company took place: instead of vegetables, the Ziegltrums now grew ornamental plants, which continue to grow, as nature intends.

The greatest upheaval came with the handover to the second generation. Production and wholesale were divided into two companies, plus imports for florist supplies. It was part of good manners in Germany in the 1970s to give each other flowers and decorate rooms with fresh flowers bought from the florist of confidence on the next street corner. The catchment area soon expanded beyond Munich and the local district of Ebersberg. To this end, Ziegltrums set flower trucks in motion, the so-called “Flowers on wheels” approach. “To this day, our brand presence has had an effect on a radius of 100 to 150 kilometres”, reports Sonja Ziegltrum-Teubner. “That’s where we deliver, and from there customers come to us”.

Whereby at the beginning of the 21st century the customer structure is completely different from that up to the year 2000, and the range of products and services offered to commercial customers has become highly concentrated. Large DIY stores have become the competition, and the packaged carnations from discounters are depriving the flower retail trade of its nutrients. This is why Bayerische Blumen Zentrale opened up. The comprehensive range of products, concentrated at large locations, is now also aimed at other commercial customers: Decorators, restaurateurs and hoteliers are now regular customers.

We still rely to a large extent on producing plants ourselves”, the entrepreneur makes clear. “We need bulk buyers”. These include corporations that often rigorously enforce their terms. She reports on the exchange of information with other producers in the region who have had to endure some hefty experiences with retail chains, for example. “There are annual talks with pressure on the terms. And when someone reminds them that there is now a minimum wage in place, they are told

under no uncertain terms to sharpen their pencil and raise their game". Under these circumstances, she sometimes wonders whether the sums as a supplier still add up with any benefit at the end of the day. Especially when she has to sign off on "social standards" within the framework of a business relationship, which the buyer then uses to promote his products. "I am annoyed by this double standard. I'm not in favour of fraudulent labelling.

The ideal of the honourable merchant, therefore, means a lot to her, especially in relation to her employees and her own suppliers. "This has always been a guiding principle for me. I want to be able to keep looking at myself in the mirror". In a family business it is anchored in the genes of every single member of the family that one feels committed in the long term and acts accordingly. Social responsibility is given a name, "the name of our family".

As an example of this, she mentions the way in which refugees are treated. In her own company, she says, people were hired from their ranks as soon as possible, "there was no question at all for us". In the meantime, Bayerische Blumen Zentrale is considered a model company in this respect. The boss is valued as a discussion partner in associations, in politics and in the media and is asked for advice. But her experience does not automatically have a knock-on effect. Something that annoys her. Not for her own sake, but because of the refugees. "I can't see why people aren't allowed to work". In the case of the 3 + 2 rule, for example—young refugees who took up training for 3 years were then allowed to stay in the company, and thus in the country, for two more years—but bureaucracy soon curbed the idealism of companies. "The SME segment did it because we were happy to be able to fill positions. Then came the disappointment, because politicians obviously didn't intend to go all the way with it".

Whereby the subject of training positions at Ziegltrum-Teubner does not only have a humanitarian angle to it. "One of the serious changes in our industry, but also for many other medium-sized companies, is the lack of young people", says the entrepreneur. "There is too little demand for many professions that involve physical exertion and time spent outdoors". Against this background, the increasing preference for academia in vocational training—"a social phenomenon"—is proving to be a major challenge for companies. Young people only seek their chance in companies when other career paths have proven to be impassable: "These young people are then overqualified for jobs here with us. And they have their first major failure behind them before their professional life has really started". Added to this is the growing mobility of people, the result of which is that the old "learn and stay" principle is dissolving: "The old models are no longer correct".

To this day, in her capacity as Chairwoman of the Ebersberg regional committee of the Chamber of Commerce and Industry but also as a member of the general assembly of the Chamber of Commerce and Industry, she never misses an opportunity to address this topic. There are many such opportunities because "here in the district I am the face of the CCI". The honorary entrepreneur from the

neighbourhood takes on the role, so to speak, the “foreign office” of the CCI and the primary office, the communication lock in both directions: “I am invited to every event here. I am the closest point of contact people have to the CCI”.

In contrast to the party-politically neutral CCI, Ziegltrum-Teubner is also politically involved in her capacity as entrepreneur and citizen. She has already been a member of the local council of her hometown for one term of office. And she has gained the following experience: “As an entrepreneur I am trusted to take on more political responsibility. This is part of the traditional role model, which in their view still needs to be worked on. The same applies to the education gap in the “economy”, which is still too large in Germany. Tasks for which she relies on the network within the CCI, both with the volunteers and the primary employees. “The longer I’m there, the more I become aware of how much you can learn” she says, “But: you have to become active yourself”.

**Box: Bayerische Blumen Zentrale GmbH**

Starting out as a nursery, Bayerische Blumenzentrale in Parsdorf is today a medium-sized company with regional and international production facilities and company-owned imports from all over the world. At present, over 300 employees from Germany (Bavaria), Austria, Hungary and Romania work for the group of companies, which consists of seven wholesale companies and five production companies. Today, a customer can meet the entire range of requirements of the flower, decoration and florist industry at every location.

CCI commitment: Sonja Ziegltrum-Teubner is a member of the CCI general assembly and Chairwoman of the Ebersberg regional committee.

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## Practical Wisdom Epilogue

**Dr. Laura Sasse, Photo Credit: Dr. Sasse AG**



It is no coincidence when knowledge leads to application, and application leads to knowledge. Especially within heterogeneous groups and organisations, lines and structures are needed in order to achieve this effect. The preceding pages are—line by line—proof of this.

The question remains as to whether this represents and proves an optimum balance. After all, there are a whole series of other models that also claim relevance for themselves. Recently, for example, we have often come across the concept of so-called “swarm intelligence” as the natural method for the most intelligent way, so to speak. This may prove to be true in some cases, but can we really permanently rely on being on the right side by simply following the larger crowd? Past and present can cite a sufficient number of examples to the contrary.

Similarly, the term “agility” is often mistakenly interpreted in such a way that the freedom for short-term change is misunderstood as an invitation to arbitrary behaviour. Wherever the responsibility of the highly agile vis-a-vis the non-agile is perceived and accepted as a leadership task, the deficit underpinning this attitude has already arrived in the present. Others will still notice it when they want to access knowledge that is no longer available. Why is “Practical Wisdom” of outstanding importance in this environment? In its timeless modernity, it has not only proven to be of existential significance for the German Chambers of



Commerce and Industry, but may also serve as a model for all organisations which regard themselves as sustainability-driven, responsible members of society—as well as for the economy that emerges from this society and serves it at the same time.

There are several characteristics that speak for this, which emerge from the observations and analyses in this book.

- As an evolutionarily grown “asset”—in the sense of a source of knowledge that creates the ability to act—it not only has a visible, exhaustible surface. It also has a DNA, which contains and preserves what this knowledge has grown from.
- Practical Wisdom is both sustainable and regenerative. Rather than only releasing its effect in the present, it entails repercussions in the future. It is an investment with a distributed return that is available to donors and recipients alike—and invites further investment, even if those involved do not profit directly.
- Both of these characteristics imply that Practical Wisdom is the result of a long-term and continuous process. This process may, in several stages, establish platforms that allow for pause and reorientation. Ultimately, however, they are the starting point for change and enrichment, bringing new experiences and new knowledge.
- This also results in a pronounced social component, as proven by the principle of voluntary work in the CCI, which has been in effect for many generations. We can confidently call this a “service to society”. Even if the attribute of “selflessness” seems too much of a stretch, voluntary participation in a self-governing body of the economy proves to be a real contender when it comes to altruism. After all, entrepreneurship per se is understood as a holistic approach to one’s own business. Which is why it is only possible to embrace Practical Wisdom, a concept which ...
- Sets apart the honourable merchant, who sees the consequences of his actions not only in his own company, but also within his own environment, both directly and indirectly. This social responsibility is not possible without renouncing profit maximisation, or without the will to go the “extra mile” for the benefit of others.
- This also includes a willingness to share. Practical Wisdom is not compatible with “hedging” and cannot go hand in hand with anything that promotes personal advantage “at any cost”. This is all the more serious given that it is not solely in the hands of the individual to share what he or she wants to share. It lies in one’s understanding of what is most beneficial to others.
- Practical Wisdom is inherently committed to the principle of integration. For it does not exclude anyone who, for example, falls outside the norm or who rests on the limits of public perception. On the contrary, it only achieves precision and resilience in its entire scope by integrating these positions and using them as a source of impetus for further development.
- The possible applications that solidify the principle of Practical Wisdom are infinite. It can initially be harnessed as an overall concept just as it can be

absorbed in each individual component and in its respective combinations. In the long run, however, it does not allow for any cherry-picking or selective use. Sooner or later, its self-image and design principle will always result in a holistic structure. Not as an automatism, but as an indispensable prerequisite.

- Practical Wisdom is nobody's property, it does not entail a licence fee.

No matter whether a single of the aforementioned aspects gives you a reason to contemplate your own path to Practical Wisdom or if all of them appeal to you: I invite you to take this book with you on your journey into the future. May it serve as a companion for your actions and as a guide for your ideas. You can be confident that valuable things will emerge from it.

Dr. Laura Sasse, entrepreneur.

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