

Supporting Human Resources

Labor-related support plays a role in reducing the costs when setting up new businesses. Germany's *Bundesagentur für Arbeit* ("Federal Employment Agency") and the German states offer a range of labor-related support programs designed to fit different company needs when building a workforce.

Four Main Labor-related Support Groups

The range of programs offered can be classified into four main groups: programs focusing on recruitment support, training support (pre-hiring and on-the-job training), and wage subsidies. Labor-related support is available throughout Germany – generally independent of factors such as company size, industry sector or investment project location. Programs are carried out and adjusted by the local job center according to investor needs or by mandated institutions at the federal state level.

Matching Personnel: Recruitment Support

With 600 branches and 300 local job centers located throughout Germany, the Federal Employment Agency assists companies in finding new employees. Regardless of the qualification or experience level required, job centers and agency branches offer a competent service as well as market expertise to help identify prospective employees. Assistance provided covers everything from job vacancy advertising and preselection of candidates. Because the Federal Employment Agency and its job centers are governmental institutions, all services are provided entirely free of charge.

Enhancing Qualification: Training Support

Prospective employees often need to participate in appropriate training measures before operating machinery and technical equipment. Such measures can be organized and administered by external specialist institutions. In general, training program costs of up to 100 percent can be subsidized. The Federal Employment Agency offers a variety of on-the-job training programs to advancing professional development. Companies can be supported with subsidies covering up to 75 percent of the wage costs for the training term and up to 100 percent of the training costs subject to company size. European Union (EU) authorization is required if the amount awarded to a single company exceeds EUR 2 million.

Supporting Integration: Wage Subsidies

Employers can be granted a direct cash payment paid as a proportion of the employee's wage. Grants can account for up to 50 percent of wage costs including social security

Federal Employment Agency

Germany's Federal Employment Agency offers a broad range of services in the labor and training market for private individuals as well as companies and institutions.

Services include:

- Placement in training places and workplaces
- Vocational guidance and employer counselling
- Promotion of different kinds of training
- Promotion of professional integration of people with disabilities
- Benefits to retain and create workplaces
- Labor market research and reporting

contributions. They may be provided for a period of up to 12 months. When hiring unemployed people who have disabilities or who are older, wage subsidies can be raised to a maximum 70 percent of wage costs paid for a period of up to eight years. Wage subsidies are generally allocated if investors provide long-term employment contracts. Please note that wage subsidy applications should be made in advance of the contract being signed.

Labor-related Incentives at Different Stages of the Hiring Process



Special Programs: Grants for Hiring Personnel

Besides general labor-related programs that provide support during the hiring process and beyond, there are also special programs that offer support in the form of non-repayable grants throughout Germany. Other programs are usually intended to support companies with a certain need for specialized or highly qualified employees, e.g. when launching research and development (R&D) projects or setting up new company sites. In the case of new company sites being established, personnel costs can also form the basis for cash incentives calculation within the GRW program.

GRW Program Options

The GRW program (Joint Task for the Improvement of Regional Economic Structures) provides an opportunity to reduce personnel costs in the set-up phase. This instrument mainly supports the setting up of new production and service facilities in specific regions in Germany with non-repayable grants. Within the GRW, there is the possibility to calculate funding based on the assumed wage costs instead of project-related capital expenditures.

The availability of this option depends on the GRW funding guideline of the respective federal state. Wage costs can be co-financed for a period of two years per job and also include the employer's contribution to the social security system. Minimum and maximum eligible wage requirements do apply.

Grants for Hiring Highly Qualified Staff

The hiring of university graduates can also be supported through grants in the form of "Innovation Assistant" programs available in individual federal states. The respective candidate must not have graduated more than two years prior to the application. The Innovation Assistant must also be employed with the purpose of carrying out an innovation project within the company. Small and medium-sized enterprises (SMEs) are eligible for support. Up to 50 percent of the respective labor costs can typically be financed for a period of one to two years subject to the individual program.

Grants for R&D Project Personnel Costs

A large amount of non-repayable grants is provided to R&D projects each year. These grants are provided through programs operating at regional, national and European level. The grant amount a project is eligible for is normally calculated based on the employee labor costs of the respective project. Research and development projects may profit considerably from this type of funding as personnel costs are typically the most significant expense. It is also possible to make multiple applications during any R&D funding program, with several R&D projects active at the same time.

Residence Permit for Skilled Employees

In general, residence permits for qualified professionals are issued where applicants have a concrete job offer, a sufficient qualification and approval from the Federal Employment Agency (FEA). A reform of the Skilled Immigration Act has further opened the German labor market to qualified professionals from outside the EU. Qualified professionals include university graduates and persons who have successfully completed quality vocational training. Foreign qualification - both academic and vocational - must be checked for equivalence with German qualifications and officially recognized. A new feature is the possibility to do this after entry into Germany.

For this purpose, skilled workers and employers must agree on a recognition partnership. In specific cases, even job experience and qualification obtained and recognized abroad may be adequate.

The EU Blue Card allows qualified professionals with a German university degree (or a proven comparable qualification) to be fast-tracked into employment in Germany. Through the reform, the EU Blue Card is now available to a greater number of skilled workers as the statutory minimum salary threshold has generally been lowered. In addition, the scope of the EU Blue Card for professions in special demand has been significantly expanded.



For detailed information on German visa and residence permit procedures, please see our "Investment Guide to Germany" online: *Visa and Residence Permit for Business in Germany* (gtai.de)

Investor Support Services

The experts from GTAI's Finance & Incentives team support investors in identifying appropriate programs to finance personnel costs using public financing instruments. They can also carry out a check to identify what programs can be combined and will put you in contact with the right institution to apply for funding.

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