

WOMEN'S EMPLOYMENT IN GERMANY

ROBUST IN CRISIS BUT VULNERABLE IN JOB QUALITY

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The paper seeks to provide some insights into the trends and patterns of female employment in Germany and their underlying institutional framework. It is argued that the main challenge facing female employment in Germany is often the low quality of jobs. The so-called German “employment miracle” has been accompanied by a rising prevalence of low hourly pay and atypical work forms in recent years. Women's employment growth is primarily based on a steadily rising numbers of part-time and mini-jobs – a very particular German institution that provides incentives to keep the monthly earnings below €450. It is argued that real progress to more gender equality in the German labour market has been hindered by the institutional framework which still remains very ambiguous and inconsistent, as regards the role of women in the labour market.

Keywords: Female employment, Germany, Labour market institutions, Job quality, Wages.

Employment in Germany has remained more or less stable throughout the crisis and the number of employees has even increased recently. A visible impact of the crisis on female employment cannot be detected at all. Accordingly, this paper cannot focus primarily on effects of the crisis. Instead, it seeks to provide some insights into the trends and patterns of female employment in Germany and their underlying institutional framework. It is argued that the main challenge with female employment in Germany is often the *low quality* of jobs. The so-called German “employment miracle” before, within and after the crisis has gone along with a rising prevalence of low hourly pay

and atypical work forms in recent years. Women's employment growth is primarily based on a steadily rising number of part-time and mini-jobs – a very particular German institution that provides incentives to keep the monthly earnings below €450. Moreover, the lack of a statutory minimum wage keeps hourly wages in service-occupations far below the wages in the export-oriented production sectors. The gap is particularly pronounced compared to other European countries such as France, for instance. A further particularly interesting issue is that there are still diverse patterns of female employment in West and East Germany even more than twenty years after unification.

The main argument is that real progress to more gender equality in the German labour market has been hindered by the institutional framework in Germany which still remains *very ambiguous* and *inconsistent* as regards the role of women. On the one hand, some progress has been made towards more gender equality in recent years. Income-related parental pay (*Elterngeld*) has been implemented, childcare facilities have been extended and since August 2013, a legal claim for public childcare for children more than one year old has been introduced. At the same time, in recent years the duration of financial support by the husband after divorce has been reduced and mothers are expected to take up paid work earlier than before (not legally but through court decisions). Joint taxation for married couples is under debate and the particular German institution of mini-jobs is assessed as rather outdated. For instance, their impact on female life-courses has been characterized and blamed as “disastrous” by the expert commission for the first report on gender equality in Germany (Sachverständigenkommission für den Ersten Gleichstellungsbericht der Bundesregierung 2011).

On the other hand, however, these steps into the direction of a modernized gender regime in Germany are accompanied or even foiled by other measures. For instance, in August 2013, a new payment has been introduced for families with small children (more than one year old) if they do not make use of public childcare facilities (sometimes ironically called the “stove bonus”). Moreover, in recent years there has been a new emphasis in the public debate on women's “freedom of choice” between extended labour market participation and staying at home or working part-time as a second earner.

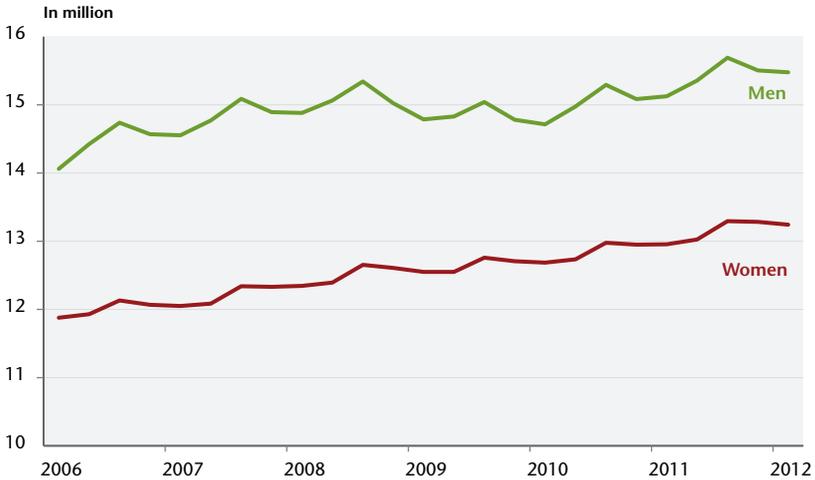
After the Bundestag election in September 2013, the new German federal government agreed upon several measures which might be effective in promoting gender equality. However, the real impact is also a matter of a proper implementation and enforcement.

The paper is based on a review of data and statistics and several recent empirical studies carried out by IAQ and others. It starts with some facts and figures on recent trends and patterns of male and female employment in Germany (Section 1). Despite an increasing female participation rate, gender inequality in terms of working time and hourly pay, for instance, is still very pronounced. The proportion of part-time and mini-jobs has been increasing in recent years. Accordingly, there is a stagnation of total working hours despite the increasing participation rate of women. Notably, the situation in East and West Germany still remains very different but the better position of women on the East German labour market has been worsening in recent years (Section 2). In the following sections, the main focus is on the quality of jobs with particular attention to the gender pay gap, low pay and sector-specific minimum wages (Section 3) and mini-jobs (Section 4). Finally, Section 6 draws some conclusions and assesses the possible outcomes of measures agreed upon by the new German federal government in terms of more gender equality.

1. General labour market trends

Employment in Germany has remained more or less stable in recent years. Job losses during the crisis predominantly affected male temporary agency workers in 2008/2009. Figure 1 illustrates the development of the number of employees in jobs subject to social insurance contributions (i.e. not mini-jobs) between 2006 and 2012. It clearly shows that female employment is more stable than male employment and that men have been mainly affected by the crisis since 2008. Compared to 2006, the number of employees has increased by roughly 2.8 million, of which almost 50% are women.

Figure 1. Number of employees (men and women) in employment subject to social insurance contributions in Germany, 2006-2012



Source: Bundesagentur für Arbeit 2012.

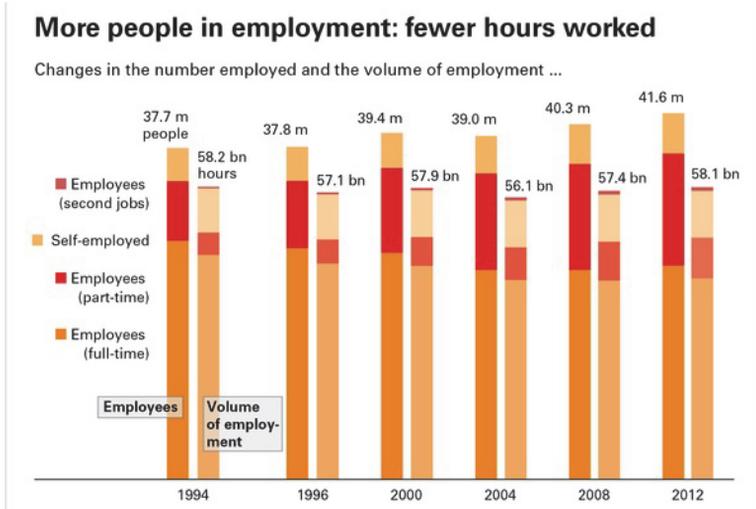
Accordingly, unemployment rates have been decreasing in recent years for both men (except in 2009, from 11.7% in 2005 to 7.1% in 2012) and women (from 11.8% in 2005 to 7% in 2012). Since 2008, the female unemployment rate has been slightly below the unemployment rate of men, which might be due to the fact that female employment is concentrated in the service-sector which is less vulnerable to demand variations according to the economic situation.

However, an analysis of all employees illustrates that the so-called German “employment miracle” in recent years is mainly due to a redistribution of working time: while the number of employees has substantially increased (by almost 4 million since 1994), the volume of working hours in 2012 is almost the same as in 1994 (Figure 2).

The substantial decrease of the average weekly working hours of German employees is mainly due to the rising number and proportion of part-time jobs. Although part-time employment has become more common for both men and women, the gendered employment patterns are still very pronounced. Almost one in two women in Germany is employed part-time, while this is the case for only around 15% of men. Moreover, one fifth of all female employees are

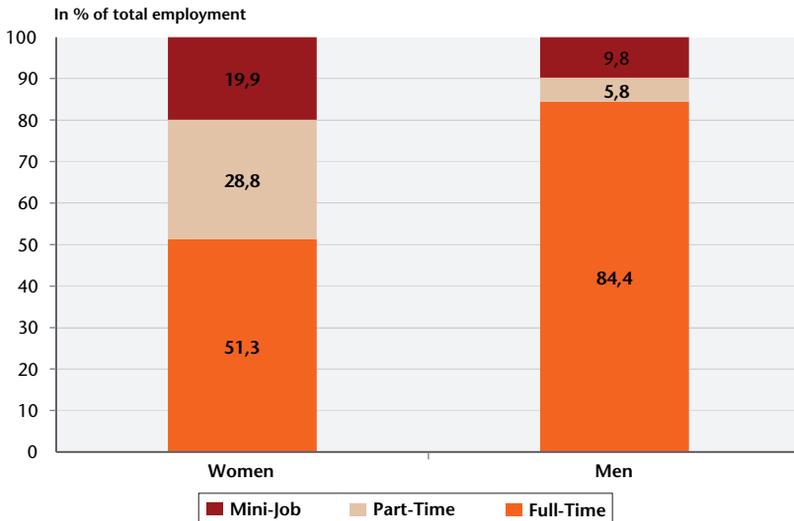
in marginal part-time jobs with monthly earnings of up to €400 respectively €450, since January 2013 (the male rate is 9.8%: Figure 3). Women account for almost two thirds of all mini-jobbers.

Figure 2. Number of employees and working time volume in Germany, 1994-2012



Source: HBS 2013.

Figure 3. Composition of female and male employees by type of jobs (full-time, part-time and mini-jobs), in Germany, 2011



Source: Author's figures based on Bundesagentur für Arbeit 2012.

2. Female employment in East and West Germany

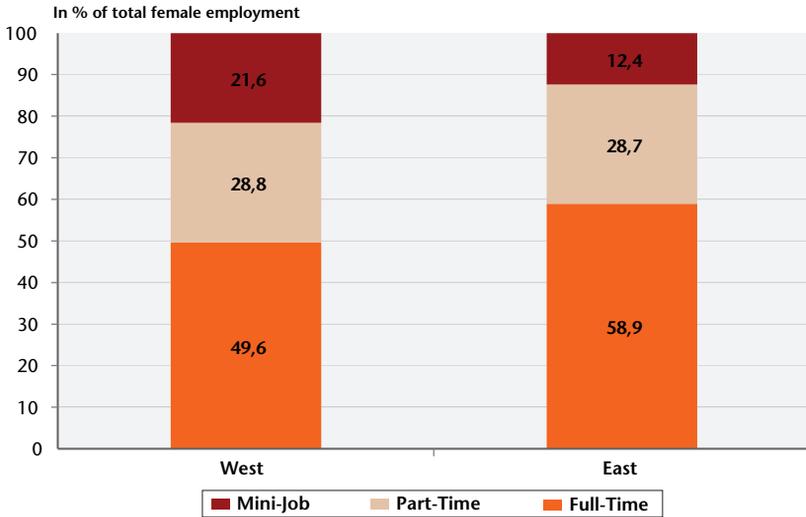
In the former German Democratic Republic (GDR), employment rates of women and men were almost at the same high level. This was supported by the traditionally good infrastructure of public childcare facilities. Accordingly, the female employment rate in East Germany in 1991 was much higher compared to West Germany. Since then, the differences have decreased substantially because female employment rates have fallen in East Germany and increased in West Germany. For instance, in the age group 35-40 years, the female employment rate in West Germany grew from 69.5% in 1991 to 75.1% in 2011 (+5.6 percentage points) whereas in East Germany it decreased in the same period, falling from 87.4% to 80.4% (-7 percentage points).

Although East German women between 30 and 60 years are still more likely to be employed, the differences with their West German counterparts are much smaller now. In both parts of Germany the employment rates of women over 55 have increased substantially. A similar trend exists for men.

In both parts of Germany, the average weekly working time of women has been decreasing since 1991. The average number of hours worked per week declined from 38.3 (1991) to 33.8 hours (2011) in East Germany, and from 33.2 hours (1991) to 29.6 hours (2011) in West Germany.

The still pronounced divergence of average weekly working time of women in East and West Germany is mainly related to the much higher share of female full-time jobs in East Germany and mini-jobs in West Germany, whereas the proportion of women regularly working part-time is almost the same in both parts of the country (Figure 4). It seems as if East German women are less likely to be affected by the impacts of Germany's inconsistent institutional framework. Reasons may be a mixture of attitudes and tradition, the better availability of childcare facilities and, last but not least, economic needs. According to Klenner (2013: 211) the share of couples with a more or less equal contribution of men and women to the overall family budget is 44% in East Germany compared to only 30% in West Germany.

Figure 4. Composition of female employment by type of jobs (full-time, part-time and mini-jobs), in East and West Germany, June 2011



Source: Author's figures based on Bundesagentur für Arbeit 2012.

For a long time, part-time employment has been regarded as a key to facilitating the work-life balance and to increasing the labour market participation of women, particularly of those with children. In January 2001, employees in Germany were given a new individual entitlement to demand a contractual reduction in working time from their employer, and employers (with at least 15 employees) are obliged to make the changes, as long as there are no proven 'business or organizational reasons' for a refusal (Peus 2006: 10).

It seems reasonable to assume that this entitlement has been one of the reasons for the large increase of part-time jobs in recent years. Between June 1999 and June 2011, the number of women in part-time work increased by 46% (almost equally in East and West Germany). However, there are good reasons to assume that employers' strategies have also played a crucial role. In several service sectors, in particular, part-time employment has become the new "standard employment relationship". Surveys and studies also provide good arguments against the assumption that part-time employment is typically voluntary. In East Germany, especially, almost two thirds of the female part-time employees state that the main reason for working part-time is that they could not find a full-

time position. In West Germany, this share is much lower (around 17%), while family reasons play a more important role.

Moreover, several recent studies found that almost 50% of women in part-time jobs and even two thirds of the women in mini-jobs want to increase their working time substantially: on average by 4 hours per week for insured part-time workers, and even by 9 hours among mini-jobbers (Wanger 2011: 6). Accordingly, a discussion has come up in recent years on whether the right of employees to reduce working hours needs to be complemented by an entitlement to demand an extension of the working time (Sachverständigenkommission zur Erstellung des Ersten Gleichstellungsberichtes der Bundesregierung 2011). Notably, such an entitlement has been agreed upon in the coalition agreement of the new German federal government (Koalitionsvertrag 2013: 70).

One of the clearest differences between East and West Germany is the availability of childcare facilities for children under 3. Despite the political efforts to extend the provision – particularly in West German federal states in recent years – there are still large differences. According to a recent report published by the Ministry for Families, Seniors, Women and Youth (BMFSFJ 2013), there are child care facilities for 27.6% of the children under 3, in Germany as a whole (4.3% private day care and 23.4% institutional facilities). Within this overall coverage, there are still huge differences between the East (49%) and the West (22.3%).

In 1996, the labour market participation rate of mothers with at least one child up to 17 years old differed largely, with a rate of 50.5% in West and 69.5% in East Germany. In 2010, the differences were much lower: 59.3% in the West and 63% in the East. However, there were still very pronounced differentials as regards working time. While in West Germany more than 75% of all employed mothers were in part-time jobs, the majority of East German female employees with children were in full-time work, regardless of the age of the youngest child (Table 1). In both parts of Germany, the highest part-time rates among mothers were recorded when the youngest child is between 3 and 9 years old. This may be related to the frequently short school hours and the limited number of places for staying at school until at least 4 pm.

Table 1. Employment rates and the part-time share of mothers in West and East Germany: overall and according to the age of the youngest child, 2010

In %

| Youngest child | West Germany | | East Germany (incl. Berlin) | |
|----------------------|---------------------------------------|--|-----------------------------|--|
| | Employment rate (% of all mothers) | Proportion of part-time employment | Employment rate | Proportion of part-time employment |
| Under 3 years | 30.1 | 76.2 | 37.2 | 46.1 |
| 3-5 | 58.8 | 80.4 | 67.3 | 47.4 |
| 6-9 | 65.9 | 80.6 | 71.1 | 48.6 |
| 10-14 | 71.4 | 74.4 | 75.4 | 42.8 |
| 15-17 | 72.7 | 66.4 | 72.7 | 40.3 |
| All mothers | 59.3 | 75.4 | 63.0 | 45.3 |

Source: Keller et al. 2012.

Besides the facts and figures provided here to shed some light on the patterns which still distinguish female employment in West and East Germany, it is remarkable that the educational level of female employees in East Germany is higher. Only 10% of the East German women employees in 2005 had no vocational qualification compared to 23% in West Germany, while the proportion of women with some kind of academic degree was much higher in East (36%) compared to West Germany (19%) (Lott 2010: 22).¹ East German women are also more likely to hold leading positions – particularly in the public sector. In 2007, the proportion of women among employees in leading positions in the public sector was at 45% in East and 29% in West Germany (private sector: 29% in East and 24% in West Germany) (Kleinert 2011: 2).²

All these factors may also contribute to the fact that behind the overall gender pay gap in Germany, which at 23.2% is still one of the highest across Europe, huge differences remain in the gender pay gaps in West (24.2%) and East Germany (3.8%). This is particularly remarkable given that (as illustrated above) there has been some convergence of the patterns of female employment in recent years.

1. These numbers include employees with degrees at universities, universities of applied sciences (Fachhochschulen) and vocational schools (Fachschulen).

2. Kleinert does not provide a definition of “leading positions”. As the shares are higher as in other sources, it can be assumed that the definition is quite comprehensive.

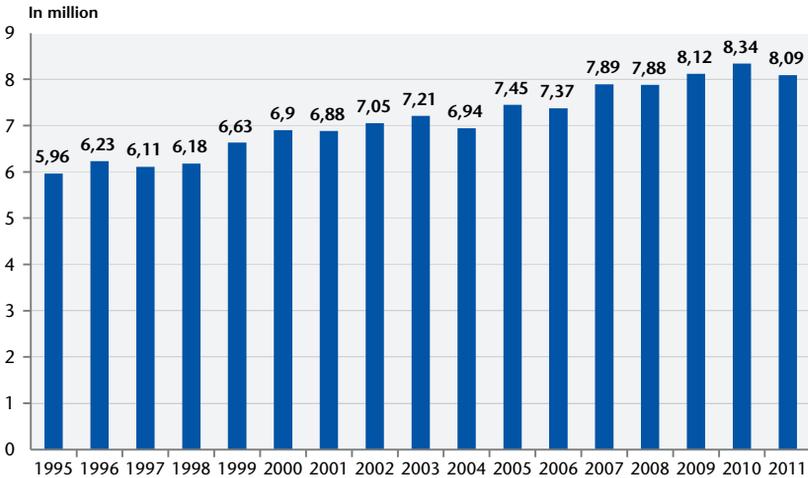
Several recent analyses have illustrated that even when controlling for the individual characteristics of the employees, a remarkable part of the gender pay gap in Germany remains unexplained (Busch/Holst 2008). For 2006, Finke (2011: 44) found that more than one third (37.3%) of the total gender pay gap in Germany cannot be explained by employees' characteristics. Surprisingly, the adjusted gender pay gap in East Germany (7.9%) exceeds the unadjusted gap. This means that when controlling for the individual characteristics of men and women in East Germany, women should be even better paid than men.

In addition, more detailed analysis (Finke 2010) has revealed that the gender pay gap is below the overall average among employees in companies bound by collective wage agreements (15.9% compared to 29.6% without a collective agreement). Pay differentials exist across all skill levels and are most pronounced among academics (25.8%), while the gender pay gap among low-skilled employees is only 2.5% (with vocational training: 19.9%). By company size, it is remarkable that the highest gender pay gap was found in companies with 500-999 employees (26.2%), and the smallest in companies with 10-19 employees (19.0%).

3. Low-wage employment and minimum wages

Since the mid-1990s, Germany has faced a huge increase of low-paid jobs. As illustrated in Figure 5, the number of employees with hourly wages below the low-pay threshold of two thirds of the median wage increased by 2.6 million in the period between 1995 and 2011, up to 8.1 million employees (Kalina/Weinkopf 2013). The overall incidence of low pay went up from 18.1% of all employees in 1995 to 23.9% in 2011 (based on LPT-calculations for Germany as a whole) with comparatively low variation during the last few years. More detailed analysis revealed that the number of low-paid employees mainly increased in West Germany (+68% between 1995 and 2010), while in East Germany it has remained more or less stable (+3%: Kalina/Weinkopf 2012: 6).

Figure 5. Number of low-paid employees (pupils, students and pensioners included) in Germany, 1995-2011



Source: SOEP 2011, IAQ-calculations.

Given that the gender pay gap is very small among the low-skilled, one might expect that low pay is evenly distributed among women and men. But this is by no means the case. The risk of women being low-paid is 29.6%, which is much higher than for men (18.6%). Although in recent years, the risk for men of earning low wages has increased substantially, the proportion of women among the low paid has remained high. More than 60% of the 8.1 million German low-wage earners in 2011 were women (Table 2). What is also striking in the German case is the very weak relationship between low pay and the level of skills. Although low-skilled employees have the highest risk of being low-paid, almost 80% of all German low-wage earners have completed a vocational training course or have even obtained an academic degree. Differentiated by employment forms, it turns out that the risk of being low-paid is particularly pronounced in mini-jobs (71.2%), while the risk of low hourly pay among employees in insured part-time work is only slightly above the overall average.

Further analysis on the wage distribution at the bottom has revealed that very low wages have become more and more widespread in Germany, and that women are also largely over-represented among those with very low wages. In 2011, almost 17% of all women employees earned less than €7 per hour and

almost 7% even below €5 (Figure 6). Further differences between East and West Germany confirm that very low wages are more widespread in East Germany but even in West Germany 7.3% of all employees (2 million) earn less than €6 gross per hour. Full-time employees are less likely to earn very low wages but even among them, the proportion of those with hourly wages below €6 is at 3.5%, which corresponds to a total number of around 790,000 full-time employees.

Table 2. Low-paid employees in Germany (pupils, students and pensioners included) the risk of low pay according to individual characteristics and the composition of low-paid employees, 2011

In %

| Characteristics of low-paid employees | | Low-pay risk within the group | Share of group among the low-paid |
|---------------------------------------|------------------------|-------------------------------|-----------------------------------|
| Qualification | No vocational training | 41.5 | 21.4 |
| | Vocational training | 24.3 | 69.8 |
| | Academic degree | 9.3 | 8.7 |
| Gender | Men | 18.6 | 39.6 |
| | Women | 29,6 | 60,4 |
| Age | < 25 years | 60.6 | 17.6 |
| | 25 – 34 | 24.5 | 21.0 |
| | 35 – 44 | 18.6 | 18.3 |
| | 45 – 54 | 16.4 | 20.3 |
| | 55+ | 28.1 | 22.8 |
| Nationality | German | 23.3 | 88.8 |
| | Other | 31.1 | 11.2 |
| Work contract | Temporary | 40.9 | 22.9 |
| | Permanent | 18.3 | 77.1 |
| Employment form | Full-time | 15.6 | 43.1 |
| | Insurable part-time | 23.1 | 20.7 |
| | Mini-job | 71.2 | 36.2 |
| Total | | 23.9 | 100.0 |

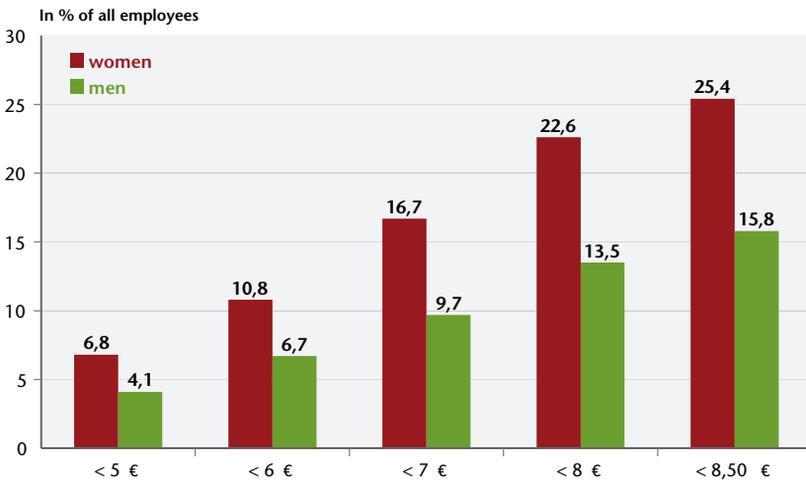
Source: SOEP 2011, IAQ-calculations.

A breakdown by sectors confirms that low pay is much more widespread in the service sector compared to manufacturing. The activities with the overall highest incidence of low pay are hospitality, temporary agency work and the retail trade.

As argued in a comparative study on low-wage work commissioned by the Russell Sage Foundation, the inclusiveness of the

institutional framework has an important impact on the extent of low pay (Bosch *et al.* 2010). The German framework obviously provides several exit-options for employers to avoid traditional standards (legally or *de facto*). As main drivers in this regard we assume the lack of a statutory minimum wage, the decreasing proportion of firms and employees covered by collective agreements, along with the Hartz-labour market reforms in 2003/2004 (Bosch/Weinkopf 2008). In this context, the level of unemployment benefits has been reduced and the pressure to take up low-paid jobs has been extended. Moreover, the usage of temporary agency workers has been deregulated and mini-jobs have been made more attractive for both – employers and employees. As the majority of mini-jobbers are women, they will be analyzed in more detail in Section 4.

Figure 6. Proportion of male and female employees with low gross hourly wages, 2011



Source: Kalina/Weinkopf 2013: 12.

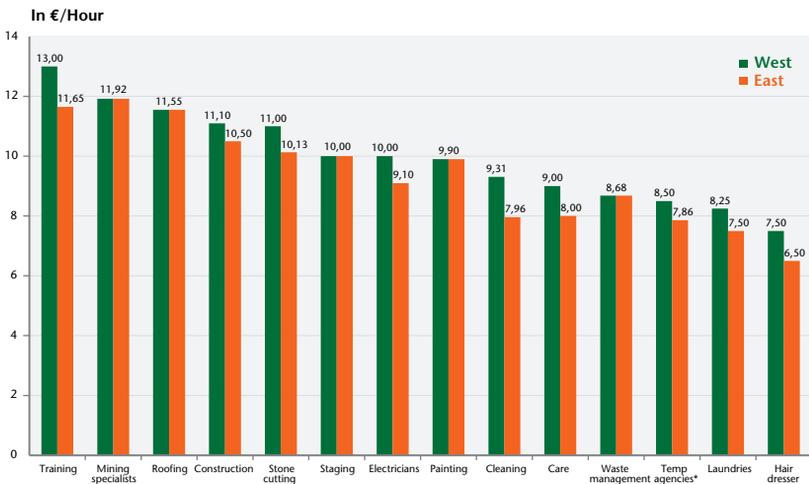
Today, Germany is still one of the few EU-member states without a statutory minimum wage. Instead, sector-specific minimum wages can be agreed upon at industry level by the social partners (employer association/s and union/s) in collective agreements. The application for extending minimum wages based on the Posted Workers Act (AEntG) is going through a complex political and administrative review process, under overall supervision

of the federal Ministry for Labour and Social Affairs. Currently (February 2014), there are thirteen industries in Germany with binding minimum wages based on the AEntG, covering roughly three million employees. The minimum wages for the temporary agency sector – with around 800,000 employees – are based on another legal clause. They have been phased out since November 2013 but are expected to be re-implemented soon.

Minimum wages in Germany are typically related to hourly pay rates which facilitate the management of part-time jobs. The existing lowest sector-specific minimum wages are very diverse, and in eight industries they are still different in West and East Germany. Moreover, in a few (mainly West German) industries, there is a second higher minimum wage for skilled occupations (construction, mining specialists, painting & varnishing and cleaning).

In West Germany, the lowest gross hourly minimum wages are €7.50 for hairdressers, while the highest rate is at €13.00 for employees in publicly-funded further education. In East Germany, the levels of gross hourly minimum wages range from €6.50 for hairdressers and up to €11.92 for mining specialists (Figure 7).

Figure 7. Sector-specific minimum wages in Germany, february 2014



* Not yet implemented.

Source: Author's calculations based on BMAS 2014.

When measured as percentage of the East respectively West German full-time median wage (2011), the relative level of the minimum wages is much higher in East Germany (57% to 105%) compared to West Germany (47% to 82%).³

From a gender perspective, it is notable that until 2007, minimum wages in Germany had been implemented mainly for blue collar workers in construction and construction-related crafts which are all male-dominated. In recent years, minimum wages have also been implemented in three female-dominated sectors (cleaning, care and industrial laundries), and for publicly-funded further education, which is quite a small segment with a more-or-less balanced gender structure. The commercial cleaning and care sector comprise between 700,000 and 800,000 employees each, whereas industrial laundries only account for around 35,000 employees. Although precise data on the proportion of female workers in the thirteen German industries with a minimum wages is not available, it can be assumed that around 40% of the employees in these industries are women.

The long-lasting reluctance concerning the introduction of a statutory minimum wage in Germany has been mainly due to the mainstream thinking of German economists that minimum wages will cause severe job losses. But, the comprehensive evaluations of the sector-specific minimum wages in eight sectors in 2011 did not detect any negative impacts on employment (Bosch and Weinkopf, 2012).

Before the general elections for the *Bundestag* in September 2013, more and more politicians supported the introduction of minimum wages but with diverging ideas on their precise configuration. While conservative politicians tended to prefer differentiated minimum wages across regions and sectors, the Social Democrats called for the introduction of a nation-wide statutory minimum wage of €8.50 gross per hour. Without such an agreement, they would not have approved entry into the grand coalition with Chancellor Merkel's Christian Democrats. Accordingly, it was stipulated in the coalition agreement that in January 2015 an hourly minimum wage of €8.50 will be introduced for all industries.

3. The gross hourly median wages of full-time employees in 2011 were at €15.81 in West and €11.32 in East Germany.

As shown in Figure 6, such a binding lowest wage floor will increase the hourly pay levels for a large proportion of employees: based on data for 2011, more than one in four female employees will be entitled to better pay, and almost 16% of all men.

4. Mini-jobs and their impact on the quality of female employment

Mini-jobs constitute a specific form of marginal part-time work in Germany which is particularly widespread.⁴ The number of mini-jobs has increased substantially in recent years, reaching more than 7.5 million at the end of 2011 (Bundesagentur für Arbeit, 2012). Around two thirds of the employees hold the mini-jobs as their only job, whereas one third of the mini-jobs are second jobs, alongside a main job.

This particular form of “marginal employment” was introduced in the 1960s in order to encourage housewives to take up at least a small part-time job, and to solve the problem of labour shortages in several industries. Although the situation on the labour market has changed over the last decades, the institution of marginal employment and its exclusion from the social security system has remained largely unchanged. The most important alteration took place in 2003 in the course of the so-called “Hartz-reforms”: the monthly pay threshold for insurance purposes was increased substantially from €325 to €400 and the former limitation on the weekly working time (<15 hours) was abolished.⁵ In January 2013, the pay threshold for mini-jobs was increased to €450 per month.

Employees in mini-jobs are not covered by the general obligation to pay social insurance contributions and they do not have to pay any income tax on their earnings either. Compared to the average amount of total deductions for other employees, which is about 35% of the gross wages in Germany, mini-jobbers’ exemption from tax and social security contributions is a considerable subsidy for the low-wage sector (i.e., for jobs that are either low paid or involve a small number of hours, or both), and it is granted

4. This section is partially based on a former publication by the author (Weinkopf 2009).

5. Moreover, the obligation to pay taxes and social insurance contributions for mini-jobs as a second job, introduced in 1999, was abolished.

completely regardless of other earnings, assets or the household income of the employees.

From the employers' perspective, the attractiveness of mini-jobs is less obvious than it may seem at first glance. They have to pay a flat-rate contribution of 30% (13% for health insurance, 15% for old-age pensions and a 2% flat-rate tax) on top of the monthly wages for mini-jobs. It must be noted that this is around 50% higher compared to other forms of insured employment (for which contributions average around 21%).⁶ This flat-rate employers' contribution does not give marginal part-time employees any entitlement to social insurance benefits (except very low pension allowances). It is intended primarily to ensure that companies do not favour mini-jobbers because of their lower non-wage labour costs.

In practice, however, it is quite evident that employers are frequently successful in reducing labour costs substantially. Although mini-jobbers, like all other German employees, are legally entitled to holiday and sick pay and other employment rights, in many cases they are paid only for the hours they work and hourly wages are frequently very low. In 2010, more than two thirds (67.5%) of all mini-jobbers earned less than €8.50 per hour, and almost one quarter earned even less than €5. Previous evidence of widespread discrimination against mini-jobbers was predominantly provided by qualitative studies (Winkel 2005; Benkhoff and Hermet, 2008; Voss-Dahm, 2009; Voss and Weinkopf, 2012). It has been confirmed recently by the results of two survey studies (RWI, 2012; Wippermann, 2012).

In the RWI-study, surveys were carried out of both mini-jobbers and companies. Concerning employees' working conditions, the results can be regarded as scandalous. According to the survey of mini-jobbers (RWI, 2012: 47):

— Paid holidays are not provided to 41.5% of the employees (and another 26.1% answered that they did not know if such holidays were possible or did not answer this question).

6. For mini-jobbers in private households the rate is much lower (12%) as an incentive to legalize illicit work.

— Continuation of payments to sick workers is not usual for 38.7% of the mini-jobbers (and another 34.6% did not know if they had rights to sick pay or did not answer).

— Wages for public holidays are not paid to 43.3% of the mini-jobbers (while another 36.3% did not know whether they had such a right or did not answer).

The results of the companies' survey are similar although one might have expected that companies would not admit non-compliance with fundamental worker entitlements. Nevertheless, 31.2% of the companies stated that paid holidays are "not possible" for mini-jobbers (and another 11.1% did not answer this question), sick pay is not usual for mini-jobbers in 25.6% of the companies (and another 10.7% did not answer), while 40.3% of the companies even said that payment of wages for public holidays is impossible (plus 13.3% which did not answer) (RWI, 2012: 75 – see Table 3). The divergence between the responses of employees in mini-jobs and companies might be due to the fact that the average size of the companies participating in the company survey is much higher than the companies in which the mini-jobbers in the survey were employed.

Table 3. Survey results on fundamental worker entitlements in mini-jobs

In %

| Responses by | Paid holidays | | Sick pay | | Pay for public holidays | |
|--------------|---------------|-----------|--------------|-----------|-------------------------|-----------|
| | Not possible | No answer | Not possible | No answer | Not possible | No answer |
| Employees | 41.5 | 26.1 | 38.7 | 34.6 | 43.3 | 36.3 |
| Companies | 31.2 | 11.1 | 25.6 | 10.7 | 40.3 | 13.3 |

Source: Author's calculations based on RWI 2012.

The precariousness of mini-jobs is related to several issues: the low level of (hourly and monthly) earnings, the exclusion from the social security system and the widespread discrimination in terms of paid holidays, sick pay and other employment rights as shown in Table 3.

Nevertheless, mini-jobs are still quite popular among certain groups of employees. The first reason for this popularity relates to the fact that earnings are paid "gross per net" (without any deductions) – at least at the first glance. Many mini-jobbers obviously do

not realize that this is frequently an “illusion” (given the fact that many employers discriminate against them by paying lower wages or by not providing other legal entitlements). The second and more complex explanation is closely related to the tax and social insurance arrangements that underpin the old-fashioned German arrangements which still support the single (male) breadwinner model: i.e., the system of taxation based on income splitting and the derived entitlement to social protection of inactive spouses. Working as a mini-jobber does not reduce the tax splitting advantage, and the respective employees remain covered by the health insurance of their partners without any extra cost. The marginal deduction rates for an increase in working time and earnings above the mini-job threshold is accordingly extremely high. Depending on the family's marginal tax rate, they can easily be in excess of 100% and thus can act as a very effective brake on any increase in the female labour supply. This is further re-enforced by the ongoing lack of public childcare facilities and full-day schools (particularly in West Germany).

Women account for the large majority of mini-jobbers: almost two thirds (62.7%) of all mini-jobbers are female (65.7% among those solely working in a mini-job and 57.1% of those holding a mini-job as a second job). The high proportion of women among those doing a mini-job as a second job is particularly remarkable. It can be taken as an indication that the widespread assumption of women in mini-jobs typically not willing to work more than a few hours per week is more and more outdated. An analysis provided by the IAB shows that almost 50% of female workers with a mini-job as a second job earn less than €1,250 in their main job (Rudolph, 2011). Qualitative research suggests that low pay and/or involuntary part-time work plays a role in this regard, at least to a certain extent. The monthly earnings of men with an additional mini-job are on average much higher. Only 20% earn less than €1,250 in their main job, while 50% earned more than €2,500 (compared to around 10% of women).

Male mini-jobbers are typically in younger or older age groups and more likely to have a second main job, whereas most women working in mini-jobs are middle-aged (often with children). Mini-jobs as a second job are attractive to employees because the exemption from income taxation means that they can avoid paying a

higher rate of tax, which would not be the case if they worked overtime in their main jobs. Further groups involved in mini-jobs are high-school and university students as well pensioners (> 65 years), who obtain their social protection in other ways. Another group, around 500,000 in total, is made up of long-term unemployed people on unemployment benefit II ("Hartz IV") who are entitled to work up to 15 hours per week without losing their unemployment benefits (although the marginal tax rate is relatively high). Notably, they are also obliged to take up a mini-job, if available, in order to reduce the amount of social benefits.

The strong rise in the numbers of mini-jobs in recent years – up from 5.5 million in June 2003 to more than 7.5 million in December 2011 (Bundesagentur für Arbeit, 2012) – cannot be explained solely by the preferences of certain groups of employees. Instead, employers' strategies to increase the use of cheap and flexible mini-jobbers must also be taken into account, especially in the service sector.

There is a considerable debate on whether the increase of mini-jobs represents positive employment effects or rather a substitution of standard employment relationships. The overall evidence is mixed. But at the level of certain industries and several companies, a replacement of insurable jobs by mini-jobs has taken place (Bäcker, 2007; Hohendanner and Stegmaier 2012).

All in all, the forces driving the increase in mini-jobs are diverse, comprising: a mixture of employees' interests, changes in regulation since 2003, and employers' strategies to increase flexibility and to reduce labour costs. Against this background, the opinions concerning the advantages and disadvantages of the special treatment granted to the mini-jobs are largely divided. Some people emphasize their contribution to more flexibility within the German labour market and their high popularity among employers and certain groups of employees. Moreover, it is frequently even questioned whether mini-jobs are precarious at all, because many of the employees are second earners. From a gender perspective, however, it can be assumed that mini-jobs create strong incentives particularly for married women to enter into or remain in fragmented employment relationships. Mini-jobs therefore hinder sustainable progress towards more gender equality. These incentives are embedded in the male breadwinner based tax

system, with joint taxation. Last but not least, it has to be kept in mind that the precariousness of mini-jobs is reinforced by the very high proportion of low wages (both per hour and per month). Moreover in several female-dominated industries it has become rather difficult to get an insured job at all.

The findings of another recent survey among women in mini-jobs (currently or previously in a mini-job) strongly support the assessment of the “disastrous” impact of mini-jobs for women’s opportunities in the labour market (Wippermann, 2012). According to this study, mini-jobs in no means constitute a short-term period in female employment (as often assumed). Persons currently employed as mini-jobbers on average remained in such jobs for 79 months. For married women and for women with a family member requiring care at home, tenure in mini-jobs was even longer: 85 months, respectively 99 months.

Mini-jobs obviously do not act as a “stepping stone” either. Among women who had held a mini-job in the past, only 14% are now in full-time work, and 26% in an insured part-time job. More than 50% of these former mini-jobbers have completely left the labour market in the meantime. Wippermann (2012: 16f) concludes that mini-jobs act “very quickly as effective glue” and adds: “The barrier to a regular part-time or full-time job is established or increased by a pure mini-job. Thus, the pure mini-job is an effective (unintended) measure to create a lifelong economic powerlessness and dependency of women.”

According to this study, women obviously do not sufficiently reflect the impact of the tax and social security regulations which favour their second earner status, or the impact of their husbands in this regard, when taking up and carrying out a mini-job. From their subjective perspective, the decision in favour of the mini-job is regarded as an individual choice which is mainly motivated by their intention to match the working time volume and flexibility needs with their current life circumstances.

Women formerly employed in a mini-job are much more critical of the mini-job regulation than those currently in a mini-job: while only 24% of the latter group sees a need for substantial changes in mini-job regulations, among the former mini-jobbers this proportion is much higher at 63%. This indicates that changes

in mini-job regulation would be supported by the majority of older women who experienced mini-jobs in their former life-course, but only by a minority of the current female mini-jobbers. This can be regarded as a crucial barrier against reform of the mini-jobs. Although several experts and unions in recent years have demanded for the abolition of mini-jobs, politicians have remained very reluctant in this respect. They fear that changes in the regulation of mini-jobs would be an electoral liability.

5. Summary and conclusions

The analysis here shows that the progress towards more gender equality in the German labour market has been rather limited in recent years. The economic crisis, however, has not played a prominent role in this regard. Employment in Germany has remained more or less stable throughout the crisis and the number of employees (men and women) has even increased recently. The main problem of female employment in Germany is the low quality of jobs, particularly in terms of working time and hourly pay. Although female labour market participation has been increasing in recent years, the average weekly working time of women has been decreasing substantially. The increase of part-time jobs in recent years may have facilitated the reconciliation of work and family but the proportion of involuntary part-time employees has been rising too. One out of two part-time women employees and two thirds of the female mini-jobbers would prefer to work more hours. Almost 30% of all women work for an hourly wage below the low-pay threshold and more than 60% of all low-wage earners in Germany are women. The combination of reduced working hours and frequently low hourly pay also limits the opportunities of women to earn a living wage on their own behalf, and not via their husbands' or partners' income.

It is argued here that the ambiguity and inconsistency of the institutional framework in Germany concerning the role of women in the labour market can be regarded as the main barrier against progress in gender equality. Despite some improvements in recent years (e.g., the extension of public childcare facilities), other measures tend to prevent women from entering the labour market or extending their working hours. Examples are the increase of the

monthly pay threshold for mini-jobs up to €450 since January 2013, and the introduction of a new payment for not using public childcare facilities for small children in August 2013.

The expert commission for the first report on gender equality in Germany (Sachverständigenkommission für den Ersten Gleichstellungsbericht der Bundesregierung, 2011) developed a comprehensive “master plan” with several proposals on what is needed, in order to gain more gender equality in Germany. Among other issues, the commission recommended the introduction of a statutory minimum wage, the abolition of the mini-jobs as well as substantial reforms of the social security and tax system towards more individualization (according to the “adult worker” model).

The new federal government has adopted at least some of these recommendations for its coalition agreement which is a kind of road map for the next four years. In particular, the decision to introduce a statutory minimum wage in January 2015 may be regarded as an important breakthrough for the German labour market in terms of social justice and gender equality. As mentioned above, a minimum wage of €8.50 per hour might improve the hourly pay by around one fifth for all employees, and for more than one out of four female employees. However, several issues such as implementation, enforcement and groups which might be excluded from the minimum wage regulation will have to be negotiated in the next few months. Moreover, collective agreements with pay grades below €8.50 will still be approvable until the end of 2016.

Notably, the coalition agreement also contains arrangements to simplify the requirements and procedures for the extension of collective agreements. This is particular important in order to protect and stabilize pay grades above the minimum wage level (Bosch and Weinkopf, 2013). Moreover, the coalition agreement emphasizes the willingness of the partners to reduce the particularly pronounced gender pay gap in Germany and mentions several important starting-points in this regard. Last not least, the agreement contains the intention to entitle part-time employees to demand for an extension of their working time. This may be useful in reducing the proportion of involuntary (short) part-time employment.

Disappointing from a gender perspective but not really surprising for the time being are the shelving of substantial reforms of the tax and social security system and the pronounced reluctance of German politicians against the abolition of or at least changes to mini-jobs. Today, it is still regarded as very unpopular to abolish the mini-jobs, although recent studies suggest that fundamental employees' entitlements are frequently disregarded and that mini-jobs have unfavourable consequences on women's employment life-courses. The coalition agreement solely emphasizes the need for better information for employees in mini-jobs about their entitlements (wages, paid holidays, sick pay etc.).

Taking this mixed picture into account, the assessment on whether the glass is half full or half empty tends to be very difficult. One could argue that the prospects for improvements towards more gender equality in Germany are not so bad right now. However, it remains to be seen how the intended measures will be implemented in practice, and if and when more substantial reforms will be undertaken by the federal government.

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