



# The EU Mutual Learning Programme in Gender Equality

## Tackling the gender pay gap

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Comments Paper - Germany



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# Tackling the gender pay gap in Germany

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## 1. Country context

There still are significant differences regarding the employment opportunities of women and men in Germany, and labour market segregation at horizontal and vertical level is quite high. This means that women are underrepresented in managing positions, have lower weekly working times, are working fewer years, have lower income, and are more often at risk of poverty, especially if they are lone mothers.

### 1.1. Employment

In 2015, the employment rate for women (20-64) was 73.6 %. Women's labour market participation in this age group in Germany is above the EU-28 average (64.3 % in 2015), but still below men's employment rate, which was 82.3 % in 2015. The gender employment gap (age 20-64) was 8.7 p.p. in 2015, lower than in 2014 (9.1 p.p.) and below the EU-28 average (11.6 p.p. in 2015).

However, the share of part-time workers among women is high at 47 %, compared to 9 % among men in 2015, and even compared to the high levels of the EU-28 average (31.5 %). With this, Germany ranks at 28<sup>th</sup> position within the EU-28 regarding the share of part-time workers among women. As a result, the employment rate in full-time equivalents (FTE) for women was only 57.1 %.

### Regional differences between East and West Germany

There are significant regional differences regarding women's labour market participation due to availability of childcare (e.g. public childcare services are widespread in East Germany and in larger cities, but difficult to find in smaller cities and in some areas in West Germany) and due to different attitudes (e.g. full-time work of mothers is seen as 'normal' in East Germany, but not necessarily in West Germany). Since employment status influences not only the current income situation of women (and men), but also the level of social security in case of unemployment or in old age, regional differences can be identified regarding the whole issue of social inclusion.

### 1.2. Collective bargaining structure

Germany's collective bargaining structure does partly differ from the Belgian situation: Large parts of employees and employers in Germany wages are set by sectoral collective agreements. Some of these sectoral agreements are furthermore divided into separate regional agreements, e.g. collective wage agreements for the metal and electrical industry in Baden-Württemberg, North Rhine-Westphalia (Nordrhein-Westfalen), "Coast" and so on. Other agreements are federal agreements being in force for all employers and employees in one sector throughout Germany. Further, large companies often have their own company-level agreements. The wages of public servants ("Beamte und Beamtinnen") are set by

laws and governmental wage regulations (“Besoldungsordnungen”). For churches and religious charity organizations as employers the legal basis for wage setting is different from the private and public sector. Working and wage conditions are not bargained between employers and unions according to the Collective Bargaining Act (“Tarifvertragsgesetz”), but between employers and associations of employee representatives (“Mitarbeitervertretungen”). Employee representatives have far less bargaining power, because they do not have the right to strike and they do not fall under the provisions of the German Works Constitution Act (“Betriebsverfassungsgesetz”). For another large portion of the workforce in Germany, wages are set “freely” by the employer without any collective bargaining background. This is the case especially for small and medium size businesses and certain sectors, for example personal services, food services and retail.

The proportion of employees covered by collective wage agreements (“*Tarifbindung*”) is declining. The coverage of collective agreements was 76 % in West Germany and 63 % in East Germany in 1998. It has declined to 60 % in West and 47 % in East Germany in 2013. The effect of this development on the gender pay gap is crucial. Very recent calculations by the WSI found out, that the coverage of a collective agreement does not only mean higher wages for employees in general, but is particularly of advantage for women: For those women covered by collective wage agreements, the wage is 9.2% higher than without, while the wage for male employees is only 6.6% higher for those who are covered by collective wage agreements<sup>1</sup>.

Minimum wages at national level exist since 1<sup>st</sup> January 2015 only. At this date the law on minimum wages came into force and determined a statutory hourly minimum wage of 8.50 Euro, from 2017 it will be lifted to 8.84 Euro. Before 2015, there had been already minimum wages at sectoral level. That means, that for some sectors, minimum wages had been regulated on the basis of one of three laws: a law concerning the posting of employees (“Arbeitnehmerentsendegesetz”), a law on temporary work (“Arbeitnehmerüberlassungsgesetz”) and by declaring collective agreements generally binding (“Allgemeinverbindlicherklärung”) according to the Collective Bargaining Act (“Tarifvertragsgesetz”). Before the general statutory minimum wage came into force there were 18 sectors for which minimum wages existed on one of these legal provisions.

### 1.3. Gender pay gap

According to the Federal Statistical Office (Statistisches Bundesamt) Germany has a high (unadjusted) gender pay gap of 22 % (2014) – with significant differences between East and West Germany. While in East Germany it is only 9 %, the gender pay gap in West Germany is 23 %. Both figures have been more or less the same for the last 6 years<sup>2</sup>. A study on regional differences shows that the gender pay gap is lower in cities and city areas than in rural areas, since the latter shows bigger differences between women’s and men’s employment rates<sup>3</sup>.

<sup>1</sup> Böckler Impuls Ausgabe 04/2015, Internet:  
[http://www.boeckler.de/hbs\\_showpicture.htm?id=53240&chunk=1](http://www.boeckler.de/hbs_showpicture.htm?id=53240&chunk=1) [2.11.2016]

<sup>2</sup> Available at:  
[https://www.destatis.de/DE/ZahlenFakten/Indikatoren/QualitaetArbeit/Dimension1/1\\_5\\_GenderPayGap.html](https://www.destatis.de/DE/ZahlenFakten/Indikatoren/QualitaetArbeit/Dimension1/1_5_GenderPayGap.html)

<sup>3</sup> Anger, Christina/Schmidt, Jörg (2010): Gender Pay Gap: Gesamtwirtschaftliche Evidenz und regionale Unterschiede. In: IW-Trends, Vol. 37, No. 4, pp. 3-16.

Income differences between women and men are particularly high in the private sector, with an average hourly pay of EUR 19.50 for men and EUR 15.08 for women. In the public sector, the differences are lower, but still exist: in 2008, men received an average hourly wage of EUR 18.89 and women EUR 17.57. The gender pay gap is higher among managers and university graduates<sup>4</sup>. The Federal Ministry of Family, Senior Citizens, Women, and Youth (BMFSFJ) published a study on the income differences between women and men in 2009<sup>5</sup>.

According to the studies, the unadjusted pay gap is mainly caused by four factors:

- The gendered labour market segregation and the corresponding unequal distribution of women and men in sectors, occupations, and positions (horizontal and vertical segregation);
- Women (more often than men) take career breaks and/or work part time due to care responsibilities, which has negative effects on their service length (seniority);
- So-called 'women's jobs and sectors' are often lower-paid jobs and sectors due to existing collective agreements;
- Intransparent and unsystematic wage setting processes and individual pay agreements are often less advantageous for women.

The adjusted gender pay gap is 13 % if one takes these differences into account and only 4 % if one adds also the career breaks of women due to maternity leave<sup>6</sup>.

### Equal Pay Day

Since 2008, an Equal Pay Day is organised in Germany. It was initiated by the organisation 'Business and Professional Women' (BPW). Since then, an Equal Pay Day is held every year. In September 2011, the Federal Office for Equal Pay (*Bundesgeschäftsstelle Entgeltgleichheit*) and the Equal Pay Day Forum were created. While the aim of the former is to provide information material all year long, the latter is responsible for organising the Equal Pay Day and additional activities. <http://www.equalpayday.de>

In 2013, the Federal Confederation of Trade Unions (DGB) initiated the first day of Equal Pay in Companies (*Tag der betrieblichen Entgeltgleichheit*). It points out the date after which women should stop working as it corresponds to their part of the average annual earnings of men.

<sup>4</sup> BMFSFJ (2011): Neue Wege – gleiche Chancen. Gleichstellung von Frauen und Männern im Lebensverlauf. Erster Gleichstellungsbericht. Available at: <http://www.bmfsfj.de/RedaktionBMFSFJ/Broschuerenstelle/Pdf-Anlagen/Erster-Gleichstellungsbericht-Neue-Wege-Gleiche-Chancen.property=pdf,bereich=bmfsfj,sprache=de,rwb=true.pdf>

<sup>5</sup> BMFSFJ (2009): Entgeltungleichheit zwischen Frauen und Männern in Deutschland. Berlin. Available at: <http://www.bmfsfj.de/RedaktionBMFSFJ/Broschuerenstelle/Pdf-Anlagen/entgeltungleichheit-dossier.property=pdf,bereich=bmfsfj,sprache=de,rwb=true.pdf>

<sup>6</sup> Anger, Christina/Schmidt, Jörg (2010): Gender Pay Gap: Gesamtwirtschaftliche Evidenz und regionale Unterschiede. In: IW-Trends, Vol. 37, No. 4, pp. 3-16.

There exist several tools which enable an analysis of earning structures:

- "Logib-D" - Lohngleichheit im Betrieb – Deutschland –, a free internet tool ([www.logib-d.de](http://www.logib-d.de)) which enables companies to analyse their earnings structure with regard to gender on a voluntary basis,
- the free internet tool [eg-check.de](http://eg-check.de)<sup>7</sup>, with which employers, employee representatives, collective bargaining parties and (as far as data is provided) employees themselves can check pay regulations and pay practices in order to identify possible direct and indirect pay discrimination,
- the online wage calculator "WageMirror" – LohnSpiegel – which provides data on wages and income which have been collected through online evaluation.

## 2. Policy debate

Currently, the policy debate revolves around a new legal Act through which income structures are to become more transparent. On October 6th the grand coalition agreed on the basic points for a law on pay justice (*Gesetz für mehr Lohngerechtigkeit*)<sup>8</sup>:

- Employees in companies with more than 200 employees will be entitled to an individual right to information regarding their wages in comparison to others. This legal regulation will affect more than 14 million employees in Germany.
- In companies bound by collective bargaining agreements, works councils will administrate this legal entitlement, in companies without works councils, employees are to address themselves to the employer.
- An evaluation procedure will be introduced for companies with more than 500 employees. This procedure needs to be carried through at least every five years. Incorporated companies with more than 500 employees are to report on equal opportunities measures as well as on equal pay on a regular basis.

It is planned to pass the law in the federal cabinet in December 2016 and that the law becomes effective in summer 2017.

Originally, the law was planned to come into force at the end of 2016, but a draft which was presented by the Federal Minister of Family Affairs, Senior Citizens, Women and Youth in December 2015<sup>9</sup> had to be revised. Especially employer's associations (e.g. the Federal Association for medium-sized businesses) call the draft bill too bureaucratic and not practicable. Another argument which is used against the planned law is that pay inequalities result because of different career patterns of women and men and not because intransparent wage setting

<sup>7</sup> see [www.eg-check.de](http://www.eg-check.de) and the explanatory paper that can be downloaded there. An earlier version has been published as Jochmann-Döll & Tondorf (2010).

<sup>8</sup> <https://www.bmfsfj.de/bmfsfj/aktuelles/alle-meldungen/gesetz-fuer-mehr-lohngerechtigkeit/111732>

<sup>9</sup> [http://www.karin-tondorf.de/downloads/nl15\\_anlag1\\_Refentwurfgesetzlohngerechtigkeit.pdf](http://www.karin-tondorf.de/downloads/nl15_anlag1_Refentwurfgesetzlohngerechtigkeit.pdf),  
<http://www.mittelstandsverbund.de/media/84e1d811-efb7-4139-916d-e0436cca2455>

processes.<sup>10</sup> This is also the position of the Cologne Institute for Economic Research.<sup>11</sup>

### 3. Transferability aspects

Core of the Gender Pay Gap Law in Belgium seems to be the idea that the gender pay gap should be discussed by the social partners at all levels of collective labour negotiation (national, sector, company) and that all job classification systems have to be analysed with regard to their gender neutrality by the General Directorate Collective Labour Relations of the Belgian Federal Public Service for Employment, Labour and Social Dialogue. Social partners play a decisive role in this process.

What seems to be the strength of the Belgian model seems to be the barrier for a transfer of the Gender Pay Gap law to Germany.

Social partners do strongly oppose state intervention in wage policy and emphasise the right for autonomous collective bargaining. When minimum wages came into force (Jan 2015), there was an intense debate whether this might be the beginning of state-run collective bargaining and bring a loss of importance of social partners. However unions strongly supported the idea since the number of people working in the low-wage-sector has increased significantly during the last past years.

Against this background it seems to be difficult to govern a process in which social partners carry much responsibility for the success of a new strategy.

Another challenge is the situation that social partners are not really in favour of changing the wage structure. Within trade unions it is mainly the women's or gender department which strongly support legal instruments to up value so-called women's professions, while others fear a devaluation of so-called men's professions as a side-effect of an evaluation of job classifications.

The different employer's associations are also against a law, taking up the arguments which have been mentioned in chapter 2 of this paper.

### 4. Recommendations

The situation in Germany is quite paradox: Though the awareness of the Gender Pay Gap in Germany is quite high (among unions, among politics etc.) it seems difficult to develop strategies against the gender pay gap, which is one of the highest in Europe.

Taking into consideration that the gender pay gap is caused by different factors (see ch. 1.2) what is needed is (a) a further development regarding the number and quality of affordable childcare facilities, in order to improve employment opportunities for parents (especially mothers). (b) In order to tackle horizontal and vertical segregation, active measures against gender stereotypes are necessary and

<sup>10</sup> <http://www.mittelstandsverbund.de/themen/arbeit-soziales/d-lohngerechtigkeit-%C3%A0-la-schwesig-nein-danke-432635690>

<sup>11</sup> <http://www.iwkoeln.de/presse/pressemitteilungen/beitrag/lohnluicke-der-staat-muss-nicht-handeln-286778>

should be accompanied by enhanced career opportunities for part-time workers. (c) Revising current job classification and replacing it by gender-neutral job classifications in order to change undervaluation of so-called women's professions.

It is important that the gender pay gap is addressed as a problem at institutional level and not as result of women's preferences.