



Germany

In-work poverty and labour market segmentation

A Study of National Policies

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1 Summary

1.1 European and German statistics

- The at-risk-of-poverty rates of Germany differ only marginally from the EU27 average. Like the EU-SILC data, the German microcensus data indicates the very **close correlation of poverty and employment status**. The at-risk-of-poverty rate of unemployed is seven times as high as among the working population, and the trend is rising. Despite transfers, the at-risk-of-poverty rate in Germany is higher among women than men, higher among young people (18-25 years) than in older age groups, and higher among single parents than couples. Within the group of 65+ the poverty rate is significantly lower than in the EU27 average. As a rule, the lower the qualification level, the higher the at-risk-of-poverty rate. The long-term trend of a rising poverty rate of people with a low qualification level is continuing. Children, particularly with single parents, are increasingly exposed to the risk of poverty. Data shows that households with three or more children are more frequently affected than childless households.
- Compared to men doing the same work, on average **women** receive 23 percent less wage. In direct comparison with the EU average, in most of the sectors the gender pay gap is higher in Germany. Women and men mostly still work in different occupations and areas marked by traditional role distribution.
- According to the German microcensus, the proportion of **atypical workers** has increased significantly since 1998: In 1998, around three quarters of the labour force (72.6%) were in a standard employment relationship, in 2008 only 66.0%. At the same time, the proportion of atypical work increased from 16.2% to 22.2%. Women are almost three times as frequently in atypical work as men (2008: 34.4% of all women, 12.0% of all men). Employees in atypical work more often live below the at-risk-of-poverty threshold (14.3%) than employees in standard employment (3.2%). Men in atypical work are affected more often by poverty than women (19.8% / 12.0%). In general terms, among all types of atypical work an increase of the poverty risk can be monitored. Meanwhile, in Germany not only employees in atypical work, but also less-qualified workers and young people are concerned by low-wage. In fact, since the mid 1990s **full-time workers**, people with professional education and middle age employees (25-54 years old) are also affected by poverty.
- The conditions for **earning money additionally** to social benefits are less favourable in Germany than in other MS. Recipients of social benefits are, metaphorically speaking, 'taxed' significantly more heavily.
- The EU data shows that particularly in Germany the **income mobility** is low. In comparison with the EU average, between 2006 and 2007 a) the proportion of those who remain on the same income level is higher throughout all deciles while at the same time b) the upward mobility is lower in all deciles, too. In general, the "transitions by pay level" as well as the "transitions by type of contract" do not show high mobility.
- In comparison with other MS, there is more **overtime work** (more hours of overtime) in Germany, which takes the place of regular employment. The access to flexitime is significantly above EU average.

1.2 Main-Causes

- German policymakers as well as enterprises are trying to **respond to several challenges**: competition within Europe and worldwide (“Economic Location Germany”), relocation of important enterprises to other locations in foreign countries, and finally the ‘special case’ of East Germany.
- The high and long-lasting mass unemployment has led to wage adjustment agreements, which are below the productivity growth and the inflation. This means that the **distribution policy was not “neutral”**, but caused the proportion of the corporate profits to increase in real terms. Germany is the only MS where the wages have not risen in real terms since 2000 (-0,8%).
- The **labour market segregates** increasingly – not only in Germany.
 - Today these **general segregations** occur among and between the secondary and tertiary sector on national level as well as between national economies.
 - Even though young **women** have higher formal qualification, their vocational training concentrates – in the non-academic area – on the service sector and – among the academic area – on professions within the public sector. The reasons for this are the possibilities to work part-time and therewith the better reconciliation of family and employment. Among the 100 largest banking houses only 2.6% and among the 62 largest insurance companies only 2.8% of all executive committee members are women.
 - In Germany, the formal **educational attainment** is extraordinarily important for the entrance into working life. For this reason, particularly those social groups have big problems on the labour market, which have only low graduations or no training qualification. The labour market in Germany can be described as “ethnically segregated”.
 - The unemployment rate of **migrants** is above average and they often work in jobs with low skill requirements, like in the service sector, catering, and cleaning.

1.3 Policies

- The entitlement to **short-time compensation** was extended, hoping that this would help to overcome the crisis and its social consequences. In April 2010, the government decided to extend this measure until March 2012. The main objective is to prevent unemployment, particularly long-term unemployment, and thereby to avoid an increase of poverty in general.
- In Germany, there is no general **minimum wage**. Due to changes in legislation, national wage agreements can be implemented, if the social partners involved have agreed on the implementation of such minimum wages in their branch of business. Hence, minimum wages up to now apply only to a few branches (waste management, mining, electric trade, industrial cleaning, main construction trade, painting and lacquerer trade, laundry services).
- Between 1998 and 2008, the proportion of atypical work increased from 16.2% to 22.2% of the labour force. Starting with the labour market reform in 2003, the boom phase caused an expansion of **minor employment** (so-called “mini-jobs” and “midi-jobs”) and **temporary**

work via employment businesses (so-called "Leiharbeit"). The extent of minor employment increased from 5.5 to 7.2 million employees between June 2003 and June 2009 and the extent of temporary work increased in the same time from 327.331 to 609.720 employees.

- In 2005, a **children's allowance** has been implemented for households whose earned income would be high enough if there were not children entitled to maintenance. On 1 January 2008, the time limit was removed. Parents now can choose between the basic security benefits for jobseekers and the children's allowance.
- There are **nationwide and regional schemes**, which are more target-group orientated than in the past. Especially young people without good school graduations and without an apprenticeship training position get special support to promote their integration skills and receive behaviour training/advice on how to make use of their social rights. The same can be said for other groups: elderly, women, migrants, and persons with disabilities.
- The German approach and the special targets for social integration correspond with the growing EU-emphasis on **active inclusion**. Nevertheless, in practice the labour-market authorities target those who are close to the labour market to a greater extent than those who are further away. The Federal Employment Office decides about integration measures by taking into account the individual profile. Based on that, the customers are allocated to three groups: The "market customers", the "consultation customers" and the "care customers". In this context, Gerhard Bäcker assesses that there is an "institutionalised creaming".
- In October 2008, 9% of the recipients who receive benefits on the legal basis of the Social Code, Book II participated in a so-called "**labour-market policy measure**". However, the governmental Institute for Employment Research (IAB) assesses the outcome of the labour market integration by job opportunities to be ambivalent. There are positive effects among the groups of women in West Germany and among long-term unemployed, but with young people under 25 years, no positive results were verifiable.
- In Germany, the biggest problem regarding the **labour participation of women**, however, remains the compatibility of family and working life. This problem is often reduced to the necessary improvement of childcare services. Some additional measures, like the programme "Erfolgsfaktor Familie" ("success factor family"), are coming along. The aim of this programme is to make working conditions more compatible with the family life. Also the new "parental allowance" represents a step in this direction. In 2008, the Federal Government has envisaged a new programme to reintegrate women into the labour market.
- Up to now, there are only a few schemes that especially target people with a **migration background**. Even though the German social reporting has identified migrants as a group threatened by social exclusion, the topic is not paid much attention. Most efforts in this area concentrate on promoting language skills.

2 In-work Poverty and labour market segmentation in Germany – statistical overview

2.1 Agreed indicators used to monitor the Social OMC and European Employment Strategy objectives (Eurostat data)

a) *In-work at-risk-of-poverty rate after social transfers by gender, age, educational level, and household type*

Table 1: In-work at-risk-of-poverty rate after social transfers by gender (in %, 2005-2008)

| Year/ Gender | Germany | | | EU 27 countries | | |
|-----------------|-----------------|-----------------|-----------------|-----------------|-------|---------|
| | Total | Males | Females | Total | Males | Females |
| 2005 | 5 ^{a)} | 5 ^{a)} | 6 ^{a)} | n/a | n/a | n/a |
| 2006 | 5 | 5 | 6 | n/a | n/a | n/a |
| 2007 | 7 | 7 | 8 | 8 | 9 | 8 |
| 2008 | 7 | 6 | 8 | 8 | 9 | 8 |

^{a)} break in series.

Source: Eurostat, URL: http://nui.epp.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_iw01&lang=en (24.03.2010).

Table 2: In-work at-risk-of-poverty rate after social transfers by age (in %, 2005-2008)

| Year/ Age | Germany | | | | | EU 27 countries | | | | |
|--------------|------------------|-----------------|-----------------|-----------------|------------------|-----------------|-------|-------|-------|-----|
| | 18-24 | 18-64 | 25-54 | 55-64 | 65+ | 18-24 | 18-64 | 25-54 | 55-64 | 65+ |
| 2005 | 10 ^{a)} | 5 ^{a)} | 4 ^{a)} | 6 ^{a)} | 12 ^{a)} | n/a | n/a | n/a | n/a | n/a |
| 2006 | 9 | 5 | 5 | 5 | 10 | n/a | n/a | n/a | n/a | n/a |
| 2007 | 11 | 7 | 7 | 6 | 5 | 10 | 8 | 8 | 8 | 14 |
| 2008 | 10 | 7 | 6 | 6 | 6 | 10 | 8 | 8 | 8 | 17 |

^{a)} break in series.

Source: Eurostat, URL: http://nui.epp.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_iw01&lang=en (24.03.2010).

Table 3: In-work at-risk-of-poverty rate after social transfers by educational level (in %, 2005-2008)

| Year / Educat. | Germany | | | EU 27 countries | | |
|-------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | Level 0-2 ^{a)} | Level 3-4 ^{b)} | Level 5-6 ^{c)} | Level 0-2 ^{a)} | Level 3-4 ^{b)} | Level 5-6 ^{c)} |
| 2005 | 10 ^{d)} | 5 ^{d)} | 4 ^{d)} | n/a | n/a | n/a |
| 2006 | 10 | 5 | 4 | n/a | n/a | n/a |
| 2007 | 14 | 7 | 5 | 16 | 8 | 3 |
| 2008 | 15 | 6 | 4 | 17 | 8 | 3 |

^{a)} Pre-primary, primary and lower secondary education - levels 0-2 (ISCED 1997).

^{b)} Upper secondary and post-secondary non-tertiary education - levels 3-4 (ISCED 1997).

^{c)} Tertiary education - levels 5-6 (ISCED 1997).

^{d)} break in series.

Source: Eurostat, URL: http://nui.epp.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_iw04&lang=en (24.03.2010).

Table 4: In-work at-risk-of-poverty rate after social transfers by household type (in %, 2005-2008)

| Germany | | | | | | |
|-----------------------|-----------------|---------------------------------------|--|---|------------------------------------|---------------------------------------|
| Year / household type | Single person | Single parent with dependent children | Two or more adults with dependent children | Two or more adults without dependent children | Households with dependent children | Households without dependent children |
| 2005 | 9 ^{a)} | 12 ^{a)} | 5 ^{a)} | 3 ^{a)} | 6 ^{a)} | 5 ^{a)} |
| 2006 | 10 | 18 | 4 | 4 | 5 | 6 |
| 2007 | 11 | 20 | 7 | 6 | 7 | 7 |
| 2008 | 11 | 19 | 7 | 4 | 8 | 6 |
| EU 27 countries | | | | | | |
| | Single person | Single parent with dependent children | Two or more adults with dependent children | Two or more adults without dependent children | Households with dependent children | Households without dependent children |
| 2005 | n/a | n/a | n/a | n/a | n/a | n/a |
| 2006 | n/a | n/a | n/a | n/a | n/a | n/a |
| 2007 | 10 | 19 | 10 | 6 | 10 | 7 |
| 2008 | 11 | 20 | 10 | 5 | 11 | 6 |

Source: Eurostat, URL: http://nui.epp.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_iw04&lang=en (24.03.2010).

^{a)} break in series.

The in-work at-risk-of-poverty rates of Germany have increased in recent years. They differ only marginally from the EU27 average. In spite of the transfers the in-work at-risk-of poverty rate in Germany is

- higher among women than men;
- higher among young people (18-25 years) than in older age groups;
- within the group of 65+ significantly lower than in the EU27 average;
- higher in lower the educational levels;
- extraordinarily high among single parents.

b) Tax rate on low wage workers: low wage traps

The terms of earning money additionally to social benefit are less favourable in Germany than in other MS. Recipients of social benefits are 'taxed' significantly more heavily.

Table 5: Tax rate on low wage workers: low wage traps^{a)} (2001-2008)

| Year | Single person without children, 33% of AW ^{b)} | | One-earner married couple, 33% of AW ^{b)} , with two children ^{c)} | |
|------|---|-----------------|--|-----------------|
| | Germany | EU 27 countries | Germany | EU 27 countries |
| 2001 | 53.00 | 48.15 | 66.00 | 54.94 |
| 2002 | 53.00 | 47.78 | 66.00 | 55.59 |
| 2003 | 53.00 | 47.78 | 68.00 | 61.44 |
| 2004 | 51.00 | 46.68 | 63.00 | 58.66 |
| 2005 | 51.00 | 47.00 | 78.00 | 61.38 |
| 2006 | 59.00 | 49.27 | 86.00 | 63.91 |
| 2007 | 57.00 | 49.68 | 84.00 | 63.08 |
| 2008 | 56.00 | n/a | 84.00 | n/a |

^{a)} The low wage trap measures the percentage of gross earnings which is taxed away through the combined effects of income taxes, social security contributions, and any withdrawal of benefits when gross earnings increase from 33% to 67% of AW. It is defined as the difference of the increase of gross earnings and net income both due to increased work effort, expressed as a percentage of the increase of gross earnings.

^{b)} Average Worker.

^{c)} In the age between 6 and 11 years.

Source: Eurostat, URL:

http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_and_social_policy_indicators/omc_social_inclusion_and_social_protection/social_inclusion_strand (24.03.2010).

c) Gender pay gap

Compared to men doing the same work, on average women receive 23 percent less.¹ In direct comparison with the EU average, in most of the sectors the gender pay gap in Germany is higher.

Table 6: Gender pay gap (in unadjusted form, in %, NACE Rev.1.1, 2002, 2006-2007)^{a)}

| Germany | 2002 | 2006 | 2007 |
|--|------|------|------|
| Mining and quarrying | 6.6 | 5.2 | 5.7 |
| Industry and services (excluding public administration) | 26.1 | 26.2 | 26.4 |
| All NACE branches except agriculture, fishing, private households with employed persons | n/a | n/a | n/a |
| All NACE branches except agriculture, fishing, public administration, private households and extra-territorial organizations | n/a | 22.7 | 23.0 |
| Manufacturing | 26.8 | 28.2 | 28.6 |
| Electricity, gas and water supply | 20.9 | 21.2 | 20.8 |
| Construction | 13.0 | 13.8 | 14.9 |
| Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods | 26.2 | 25.0 | 25.0 |
| Hotels and restaurants | 20.9 | 13.3 | 13.2 |
| Transport, storage and communication | 10.2 | 9.3 | 8.0 |
| Financial intermediation | 28.7 | 28.9 | 29.0 |
| Real estate, renting and business activities | 32.1 | 29.8 | 30.3 |
| Public administration and defence; compulsory social security | n/a | n/a | n/a |

¹ http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/DE/Content/Statistiken/VerdiensteArbeitskosten/Aktuell_2,templateld=renderPrint.psm1

| | | | |
|--|-------------|-------------|-------------|
| Education | n/a | 16.3 | 16.6 |
| Health and social work | n/a | 24.3 | 24.2 |
| Other community, social, personal service activities | n/a | 22.0 | 22.7 |
| EU 27 countries | 2002 | 2006 | 2007 |
| Mining and quarrying | 18.6 | 16.2 | 17.4 |
| Industry and services (excluding public administration) | 23.0 | 22.1 | 21.7 |
| All NACE branches except agriculture, fishing, private households with employed persons | n/a | n/a | n/a |
| All NACE branches except agriculture, fishing, public administration, private households and extra-territorial organizations | n/a | 17.7 | 17.6 |
| Manufacturing | 23.3 | 23.3 | 23.3 |
| Electricity, gas and water supply | 16.9 | 14.1 | 12.3 |
| Construction | 6.9 | 5.9 | 6.5 |
| Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods | 25.8 | 23.9 | 23.3 |
| Hotels and restaurants | 17.3 | 14.0 | 14.7 |
| Transport, storage and communication | 9.3 | 11.3 | 10.2 |
| Financial intermediation | 33.4 | 31.6 | 31.7 |
| Real estate, renting and business activities | 27.1 | 23.6 | 24.6 |
| Public administration and defence; compulsory social security | n/a | n/a | 15.3 |
| Education | n/a | 15.3 | 15.9 |
| Health and social work | n/a | 23.9 | 24.2 |
| Other community, social, personal service activities | n/a | 22.1 | 19.0 |

a) No data available for 2003-2005

Source: Eurostat, URL: http://nui.epp.eurostat.ec.europa.eu/nui/show.do?dataset=earn_gr_gpg&lang=en (24.03.2010).

d) Gender segregation

The gender segregation is the indicator currently used to monitor segregation within the EU employment strategy and can be interpreted as the share of the employed population that would need to change occupation (sector) in order to bring about an even distribution of men and women among occupations or sectors. For the EU as a whole, segregation is still relatively high.² The rising number of women in employment often has the side effect of also increasing gender segregation. Germany's figures of 18.3 for gender segregation in sectors and 26.1 for gender segregation in occupations (2008) are around the European average.

² European Commission's Expert Group on Gender and Employment: Gender segregation in the labour market. Root causes, implications and policy responses in the EU, p. 7, URL: <http://ec.europa.eu/social/BlobServlet?docId=4028&langId=en> (07.04.10).

Table 7: Gender segregation in sectors and occupations^{a)}

| | Gender segregation in sectors | | Gender segregation in occupations | |
|------|-------------------------------|-----------------|-----------------------------------|-----------------|
| | Germany | EU 27 countries | Germany | EU 27 countries |
| 2000 | 18.3 | 17.7 | 26.9 | 25.3 |
| 2001 | 18.2 | 17.7 | 27.0 | 25.3 |
| 2002 | 18.1 | 17.8 | 26.9 | 25.3 |
| 2003 | 18.2 | 18.1 | 26.7 | 25.5 |
| 2004 | 18.1 | 18.5 | 26.7 | 25.5 |
| 2005 | 18.2 | 18.5 | 26.5 | 25.9 |
| 2006 | 18.2 | 18.7 | 26.5 | 26.0 |
| 2007 | 18.4 | 18.9 | 26.5 | 26.0 |
| 2008 | 18.3 | 19.4 | 26.1 | 26.0 |

^{a)} Gender segregation in occupations/sectors, calculated as the average national share of employment for women and men applied to each occupation/sector; differences are added up to produce a total amount of gender imbalance presented as a proportion of total employment (ISCO classification/NACE classification).

Source: European Commission. DG for Employment, Social Affairs and Equal Opportunities: Indicators for monitoring the Employment Guidelines including indicators for additional employment analysis, 2009 compendium, p. 57-58.

In Germany, 38.2% of the men and 43.8% of the women with caring responsibilities are inactive or work part-time due to the lack of care services (2008). This means that Germany is well above the EU average (25.0% of the men and 29.9% of the women). Nevertheless, among the women a decrease can be found in Germany while the EU average is increasing.

Table 8: Inactivity and part-time work due to lack of care services for children and other dependants^{a)}

| | Men | | | | Women | | | |
|------|--|-------|---|-------|--|-------|---|-------|
| | Inactivity and part-time work due to lack of care services (% of pers with care resp.) | | Inactive persons and part-time workers with care resp. (% of total pop) | | Inactivity and part-time work due to lack of care services (% of pers with care resp.) | | Inactive persons and part-time workers with care resp. (% of total pop) | |
| | Germany | EU 27 | Germany | EU 27 | Germany | EU 27 | Germany | EU 27 |
| 2006 | 35,7 | 25,7 | 0,2 | 0,3 | 51,1 | 26,7 | 8,5 | 8,6 |
| 2007 | 34,8 | 27,7 | 0,2 | 1,2 | 42,7 | 27,9 | 9,3 | 9,6 |
| 2008 | 38,2 | 25,0 | 0,3 | 0,3 | 43,8 | 29,9 | 11,5 | 8,9 |

^{a)} Inactivity and part-time work due to lack of care services is defined as share of persons (age groups 15-64) who would like to work but are not searching for a job/who work part-time due to their care responsibilities AND lack of suitable care services (% of persons with care responsibilities). Persons with care responsibilities is defined as share of persons who would like to work but are not searching for a job/who work part-time due to their care responsibilities (% of the whole population 15-64). Breakdown by sex.³

Source: European Commission. DG for Employment, Social Affairs and Equal Opportunities: Indicators for monitoring the Employment Guidelines including indicators for additional employment analysis, 2009 compendium, p. 61.

³ For more information see: The Employment Committee: Employment Guidelines (2009) – Indicators for monitoring and analysis – endorsed by EMCO 24/06/09, p. 3, URL: <http://ec.europa.eu/social/BlobServlet?docId=501&langId=en> (07.04.2010).

e) *Transitions by pay level*

Even though the situation is similar in other MS, the EU data shows that the income mobility in Germany is particularly low. It is noticeable that in comparison with the EU average between 2006 and 2007 a) the proportion of those who remain on the *same* income level is higher throughout all deciles while at the same time b) the *upward mobility* is lesser in also all deciles.

In concordance with the EU average the group of the unemployed is very stable (83%). In parallel, there is a high downward mobility in the first decile: after one year, about a quarter ends up unemployed. This risk is above EU average.

Table 9: Transitions by pay level (2005/2006 – 2006/2007)

| Pay Level 2005 | Pay Level 2006 | DE | EU27 | Pay Level 2006 | Pay Level 2007 | DE | EU27 |
|---------------------|----------------------|----|------|---------------------|----------------------|----|------|
| Non-employed | <i>Non-empl</i> | 85 | n/a | Non-employed | <i>Non-empl</i> | 83 | 85 |
| | <i>Decile 1</i> | 7 | n/a | | <i>Decile 1</i> | 6 | 4 |
| | <i>Decile 2</i> | 3 | n/a | | <i>Decile 2</i> | 4 | 2 |
| | <i>Decile 3-4</i> | 3 | n/a | | <i>Decile 3-4</i> | 4 | 3 |
| | <i>Decile 5-10</i> | 1 | n/a | | <i>Decile 5-10</i> | 3 | 4 |
| Decile 1 | <i>Non-empl</i> | 24 | n/a | Decile 1 | <i>Non-empl</i> | 22 | 13 |
| | <i>Decile 1</i> | 46 | n/a | | <i>Decile 1</i> | 54 | 46 |
| | <i>Decile 2</i> | 19 | n/a | | <i>Decile 2</i> | 16 | 15 |
| | <i>Decile 3-10</i> | 11 | n/a | | <i>Decile 3-10</i> | 9 | 21 |
| Decile 2 | <i>Non-empl</i> | 9 | n/a | Decile 2 | <i>Non-empl</i> | 12 | 9 |
| | <i>Decile 1</i> | 8 | n/a | | <i>Decile 1</i> | 10 | 13 |
| | <i>Decile 2</i> | 49 | n/a | | <i>Decile 2</i> | 47 | 41 |
| | <i>Decile 3</i> | 22 | n/a | | <i>Decile 3</i> | 18 | 18 |
| | <i>Decile 4-10</i> | 12 | n/a | | <i>Decile 4-10</i> | 14 | 18 |
| Decile 3 | <i>N-e decile1</i> | 8 | n/a | Decile 3 | <i>N-e decile1</i> | 9 | 10 |
| | <i>Decile 2</i> | 9 | n/a | | <i>Decile 2</i> | 10 | 14 |
| | <i>Decile 3</i> | 50 | n/a | | <i>Decile 3</i> | 49 | 38 |
| | <i>Decile 4</i> | 22 | n/a | | <i>Decile 4</i> | 17 | 19 |
| | <i>Decile 5-10</i> | 11 | n/a | | <i>Decile 5-10</i> | 14 | 18 |
| Decile 4 | <i>N-e decile1-2</i> | 10 | n/a | Decile 4 | <i>N-e decile1-2</i> | 11 | 13 |
| | <i>Decile 3</i> | 10 | n/a | | <i>Decile 3</i> | 10 | 14 |
| | <i>Decile 4</i> | 46 | n/a | | <i>Decile 4</i> | 49 | 37 |
| | <i>Decile 5</i> | 23 | n/a | | <i>Decile 5</i> | 17 | 19 |
| | <i>Decile 6-10</i> | 12 | n/a | | <i>Decile 6-10</i> | 14 | 17 |
| Decile 5 | <i>N-e decile1-3</i> | 11 | n/a | Decile 5 | <i>N-e decile1-3</i> | 10 | 15 |
| | <i>Decile 4</i> | 9 | n/a | | <i>Decile 4</i> | 13 | 15 |
| | <i>Decile 5</i> | 47 | n/a | | <i>Decile 5</i> | 48 | 37 |
| | <i>Decile 6</i> | 24 | n/a | | <i>Decile 6</i> | 16 | 18 |
| | <i>Decile 7-10</i> | 9 | n/a | | <i>Decile 7-10</i> | 13 | 15 |
| Decile 6 | <i>N-e decile1-4</i> | 10 | n/a | Decile 6 | <i>N-e decile1-4</i> | 11 | 15 |
| | <i>Decile 5</i> | 12 | n/a | | <i>Decile 5</i> | 13 | 16 |
| | <i>Decile 6</i> | 48 | n/a | | <i>Decile 6</i> | 50 | 38 |
| | <i>Decile 7</i> | 23 | n/a | | <i>Decile 7</i> | 18 | 19 |
| | <i>Decile 8-10</i> | 7 | n/a | | <i>Decile 8-10</i> | 8 | 12 |
| Decile 7 | <i>N-e decile1-5</i> | 10 | n/a | Decile 7 | <i>N-e decile1-5</i> | 13 | 18 |

| | | | | | | | |
|------------------|----------------------|-----------------|-----|------------------|----------------------|----|----|
| | <i>Decile 6</i> | 9 | n/a | | <i>Decile 6</i> | 12 | 15 |
| | <i>Decile 7</i> | 53 | n/a | | <i>Decile 7</i> | 51 | 39 |
| | <i>Decile 8</i> | 22 | n/a | | <i>Decile 8</i> | 17 | 20 |
| | <i>Decile 9-10</i> | 6 ^{a)} | n/a | | <i>Decile 9-10</i> | 6 | 9 |
| <i>Decile 8</i> | <i>N-e decile1-6</i> | 15 | n/a | <i>Decile 8</i> | <i>N-e decile1-6</i> | 13 | 17 |
| | <i>Decile 7</i> | 11 | n/a | | <i>Decile 7</i> | 13 | 15 |
| | <i>Decile 8</i> | 51 | n/a | | <i>Decile 8</i> | 55 | 43 |
| | <i>Decile 9-10</i> | 23 | n/a | | <i>Decile 9-10</i> | 20 | 24 |
| <i>Decile 9</i> | <i>N-e decile1-7</i> | 9 | n/a | <i>Decile 9</i> | <i>N-e decile1-7</i> | 9 | 16 |
| | <i>Decile 8</i> | 15 | n/a | | <i>Decile 8</i> | 15 | 15 |
| | <i>Decile 9</i> | 62 | n/a | | <i>Decile 9</i> | 59 | 51 |
| | <i>Decile 10</i> | 14 | n/a | | <i>Decile 10</i> | 16 | 18 |
| <i>Decile 10</i> | <i>N-e decile1-8</i> | 10 | n/a | <i>Decile 10</i> | <i>N-e decile1-8</i> | 12 | 19 |
| | <i>Decile 9</i> | 12 | n/a | | <i>Decile 9</i> | 13 | 13 |
| | <i>Decile 10</i> | 78 | n/a | | <i>Decile 10</i> | 76 | 68 |

^{a)} unreliable and/ or data are removed in accordance with EU-SILC publication requirements because cell frequencies are too low or item non-response.

Source: European Commission. DG for Employment, Social Affairs and Equal Opportunities: Indicators for monitoring the Employment Guidelines including indicators for additional employment analysis, 2009 compendium, p. 64-65.

Similar as with the “transitions by pay level” the “transitions by type of contract” also show no high mobility. Within the group of those who had been fixed-term employed in 2006, only a quarter was employed permanently one year later while 13% were unemployed. On the other hand, the group of the permanent employees also is very stable. Wage earners move very infrequently between dependent employment and self-employment. Due to lack of data no comparison with the EU average is possible.

f) *Transitions by type of contract*

Table 10: Transitions by type of contract (2005/2006 – 2006/2007)

| 2005 status | 2006 status | DE | EU27 | 2006 status | 2007 status | DE | EU27 |
|---------------------------|---------------------------|-----|------|---------------------------|---------------------------|----|------|
| <i>Total</i> | <i>Employee-permanent</i> | 50 | n/a | <i>Total</i> | <i>Employee-permanent</i> | 48 | n/a |
| | <i>Employee-temporary</i> | 2 | n/a | | <i>Employee-temporary</i> | 6 | n/a |
| | <i>Self-employed</i> | 7 | n/a | | <i>Self-employed</i> | 7 | n/a |
| | <i>Unemployed</i> | 5 | n/a | | <i>Unemployed</i> | 8 | n/a |
| | <i>Inactive</i> | 29 | n/a | | <i>Inactive</i> | 32 | n/a |
| | <i>Undefined-status</i> | n/a | n/a | | | | |
| <i>Employee-permanent</i> | <i>Employee-permanent</i> | 93 | n/a | <i>Employee-permanent</i> | <i>Employee-permanent</i> | 88 | n/a |
| | <i>Employee-temporary</i> | 2 | n/a | | <i>Employee-temporary</i> | 2 | n/a |
| | <i>Self-employed</i> | 1 | n/a | | <i>Self-employed</i> | 1 | n/a |
| | <i>Unemployed</i> | 1 | n/a | | <i>Unemployed</i> | 3 | n/a |

| | | | | | | | |
|---------------------------|---------------------------|-----------------|-----|---------------------------|---------------------------|----|-----|
| | Inactive | 3 | n/a | | Inactive | 6 | n/a |
| Employee-temporary | Employee-permanent | 31 | n/a | Employee-temporary | Employee-permanent | 26 | n/a |
| | Employee-temporary | 55 | n/a | | Employee-temporary | 39 | n/a |
| | Self-employed | a) | n/a | | Self-employed | 1 | n/a |
| | Unemployed | 6 | n/a | | Unemployed | 13 | n/a |
| | Inactive | 6 | n/a | | Inactive | 21 | n/a |
| Self-employed | Employee-permanent | 6 ^{a)} | n/a | Self-employed | Employee-permanent | 5 | n/a |
| | Employee-temporary | a) | n/a | | Employee-temporary | 2 | n/a |
| | Self-employed | 88 | n/a | | Self-employed | 80 | n/a |
| | Unemployed | a) | n/a | | Unemployed | 3 | n/a |
| | Inactive | 4 ^{a)} | n/a | | Inactive | 10 | n/a |
| Unemployed | Employee-permanent | 17 | n/a | Unemployed | Employee-permanent | 10 | n/a |
| | Employee-temporary | a) | n/a | | Employee-temporary | 8 | n/a |
| | Self-employed | 5 | n/a | | Self-employed | 2 | n/a |
| | Unemployed | 47 | n/a | | Unemployed | 67 | n/a |
| | Inactive | 16 | n/a | | Inactive | 12 | n/a |
| Inactive | Employee-permanent | 12 | n/a | Inactive | Employee-permanent | 3 | n/a |
| | Employee-temporary | 8 | n/a | | Employee-temporary | 2 | n/a |
| | Self-employed | 3 | n/a | | Self-employed | 1 | n/a |
| | Unemployed | 3 | n/a | | Unemployed | 3 | n/a |
| | Inactive | 75 | n/a | | Inactive | 91 | n/a |

^{a)} unreliable and/or data are removed in accordance with EU-SILC publication requirements because cell frequencies are too low or item-non-response is too high. In case of zero observations in a cell no flag is used.

Source: European Commission. DG for Employment, Social Affairs and Equal Opportunities: Indicators for monitoring the Employment Guidelines including indicators for additional employment analysis, 2009 compendium, p. 64-65.

g) Diversity and reasons for contractual and working arrangements

Employees in Germany who work part-time often explain this with the care of children or other family reasons. Fixed-term contracts are often connected to education or training. Having no other job options are a main reason for working part-time or accepting a fixed-term contract.

Table 11: Diversity and reasons for contractual and working arrangements (2005-2008)^{a)}

| | | | 2005 | | 2006 | | 2007 | | 2008 | |
|---|---|-------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| | | | DE | EU27 | DE | EU27 | DE | EU27 | DE | EU27 |
| 1.Total employees in part-time and/or fixed-term contracts plus total selfemployed as % of persons in employment | | | 42.4 | 38.5 | 43.7 | 39.0 | 43.8 | 39.1 | 43.7 | 38.7 |
| 2.Employees in non-standard employment (part-time and/or fixed-term) as % of total employees | part-time only, taken because of: | education or training | 1.8 | 1.4 | 2.1 | 1.6 | 2.2 | 1.6 | 2.2 | n/a |
| | | own illness or disability | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.7 | n/a |
| | | care of children | 10.8 | 3.6 | 3.6 | 3.3 | 4.1 | 3.4 | 4.9 | n/a |
| | | other family reasons | n/a | n/a | 7.6 | 2.5 | 6.6 | 2.5 | 4.9 | n/a |
| | | could not find full-time job | 4.4 | 3.0 | 5.1 | 3.1 | 4.9 | 3.1 | 4.9 | n/a |
| | | other reasons | 3.9 | 5.6 | 3.8 | 3.1 | 4.3 | 3.1 | 5.1 | n/a |
| | | TOTAL | 21.5 | 14.2 | 22.6 | 14.3 | 22.7 | 14.4 | 22.6 | 14.5 |
| | fixed-term only, taken because of: | education or training | (6.8) | (2.5) | (6.4) | (1.9) | (6.3) | (2.0) | (6.3) | (1.9) |
| | | could not find permanent job | (2.5) | (5.5) | (2.8) | (6.5) | (2.9) | (6.4) | (2.6) | (6.1) |
| | | did not want permanent job | (0.3) | (1.5) | (0.3) | (1.4) | (0.3) | (1.4) | (0.4) | (1.4) |
| | | probationary period | (1.4) | (1.0) | (1.5) | (0.8) | (1.4) | (0.9) | (1.7) | (0.9) |
| | | no reason | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| | | TOTAL | 11.1 | 10.4 | 10.9 | 10.6 | 11.0 | 10.7 | 10.9 | 10.3 |
| | part-time and fixed term | | 3.0 | 3.5 | 3.5 | 3.6 | 3.6 | 3.7 | 3.7 | 3.7 |
| | could not find full time and/or perm job | | 6.8 | 7.7 | 7.6 | 10.3 | 7.7 | 10.2 | 7.5 | 9.8 |
| | TOTAL | | 35.7 | 28.2 | 37.2 | 28.7 | 37.4 | 28.9 | 37.4 | 28.6 |
| | 3. Total self-employed as % of total persons in employment | part-time | 1.7 | 2.2 | 2.1 | 2.3 | 2.1 | 2.3 | 1.9 | 2.3 |
| | TOTAL | 11.1 | 15.2 | 11.1 | 15.1 | 10.9 | 15.1 | 10.7 | 14.8 | |

^{a)} Total employees in part-time and/or fixed-term contracts plus total self-employed as % of persons in employment. Employees in non-standard employment (part-time and/or fixed-term) as % of total employees. (Breakdown by part-time, fixed-term, part-time and fixed-term.) Total self-employed as % of total persons in employment. Breakdown by sex).

() indicates figure is uncertain due to low sample size.

Source: EU Labour Force Survey, Spring data until 2004, annual averages from 2005; (annual data used for the reasons).

h) Undeclared work

The „2009 compendium“ provides undeclared work data for Germany only for the year 2002 (in percent of 2001 GDP): 6%.⁴

i) Overtime work and hours of overtime

In comparison with other MS there is more overtime work / more hours of overtime in Germany by what regular employment is compensated.

Table 12: Overtime work and hours of overtime (2000-2008)^{a)}

| | Germany | | | EU 27 countries | | |
|-------------|--------------|------------|--------------|-----------------|------------|--------------|
| | <i>Total</i> | <i>Men</i> | <i>Women</i> | <i>Total</i> | <i>Men</i> | <i>Women</i> |
| 2000 | 7.7 | 10.0 | 4.9 | (4.8) | (5.9) | (3.5) |
| 2001 | 8.4 | 11.0 | 5.3 | 5.0 | 6.2 | 3.6 |
| 2002 | 7.9 | 10.2 | 5.2 | 3.8 | 4.6 | 2.8 |
| 2003 | 8.7 | 11.2 | 5.9 | 3.9 | 4.8 | 2.9 |
| 2004 | 7.7 | 9.9 | 5.3 | 4.4 | 5.3 | 3.3 |
| 2005 | 12.5 | 15.2 | 9.4 | 5.1 | 6.0 | 4.0 |
| 2006 | 9.8 | 12.7 | 6.7 | 5.0 | 6.1 | 3.8 |
| 2007 | 9.2 | 11.9 | 6.2 | 5.2 | 6.2 | 4.0 |
| 2008 | 8.6 | 11.0 | 5.9 | n/a | n/a | n/a |

^{a)} Employees for whom overtime is given as the main reason for actual hours worked during the reference week being different from the person's usual hours worked as a % of total employees. Breakdown by sex.

Data in brackets lack reliability due to small sample size.

Source: European Commission. DG for Employment, Social Affairs and Equal Opportunities: Indicators for monitoring the Employment Guidelines including indicators for additional employment analysis, 2009 compendium, p. 138.

j) Access to flexitime

In Germany, the access to flexitime is significantly above EU average.

Table 13: Access to flexitime (2004)^{a)}

| | Total | Men | Women |
|----------------|--------------|------------|--------------|
| Germany | 52.3 | 54.7 | 49.5 |
| EU27 | 31.3 | 33.0 | 29.4 |

^{a)} Total employees who have other working time arrangements than fixed start and end of a working day as a % of total employees (age group 15-64).

Source: European Commission. DG for Employment, Social Affairs and Equal Opportunities: Indicators for monitoring the Employment Guidelines including indicators for additional employment analysis, 2009 compendium, p. 139.

⁴ European Commission. DG for Employment, Social Affairs and Equal Opportunities: Indicators for monitoring the Employment Guidelines including indicators for additional employment analysis, 2009 compendium, p. 135.

2.2 National indicators and data produced by the National Statistical Offices to monitor in-work poverty and labour market segmentation

Germany has a widespread system of social reporting, the public authorities offer comprehensive statistical data. These include e.g. the periodical Reports on Poverty and Wealth of the federal government and the federal state governments, the regularly updated data of the Federal Statistical Office – in particular within the “Fachserien” (= “panel series”), furthermore within the periodicals: “Datenreport” (=“Data Report”), “Statistisches Taschenbuch” (=“Statistical Pocket Book”), “Statistisches Jahrbuch” (“Statistical Yearbook”) etc. – and of the Statistical State Offices, the statistics of the Federal Employment Agency and the publications of the governmental Institute for Employment Research (IAB).

Despite this wide range of available data, some national indicators vary significantly from the EU indicators. The most important survey for time series is the “microcensus”. The Microcensus Act 2005 changed the microcensus from a survey with a fixed reference week (until 2004 usually in April) to a continuous survey with a sliding reference week. For this reason, since 2005 the results do not provide a ‘snapshot’ of a certain calendar week but provide information about the whole development during the survey year.

a) *In-work at-risk-of-poverty rate after social transfers*

The microcensus results are similar to those of Eurostat. In Germany, not official statistics are available that measure the effect of transfers on the at-risk-of-poverty rate. The microcensus does not subdivide the earnings but collects them as a summation of all types of income. For this reason, the at-risk-of-poverty rate allows no differentiation between the income before and after social transfers. The Third Report on Poverty and Wealth quotes the national data of EU-SILC 2006. According to that, transfers reduce the at-risk-of-poverty rate in Germany by half from 26% to 13%.⁵

Like the EU-SILC data, the microcensus data indicates the very close correlation of poverty and employment status. The at-risk-of-poverty rate of unemployed is seven times as high as among the working population, and the trend is rising.

Table 14: At-risk-of-poverty rate^{a)} after social transfers by employment status^{b)} (in %, 2005-2008)

| | 2005 | 2006 | 2007 | 2008 |
|-----------------------------------|------|------|------|------|
| Total | 14.7 | 14.0 | 14.3 | 14.4 |
| Employed person | 7.3 | 7.1 | 7.4 | 7.4 |
| <i>Self-employed^{c)}</i> | 9.1 | 8.5 | 8.3 | 8.6 |
| <i>Employee</i> | 7.1 | 7.0 | 7.3 | 7.3 |
| Unemployed person | 49.6 | 49.4 | 53.5 | 56.0 |
| Inactive | 17.5 | 16.7 | 17.3 | 18.0 |

^{a)} Less than 60% median of the equivalised disposable income in private households (principal domicile), calculated on the basis of the new OECD scale., ^{b)} Based on the “Labour-Force-Concept” of the International Labour Organisation (ILO)., ^{c)} including unpaid family workers. **Source:** Microcensus, URL: http://www.amtlische-sozialberichterstattung.de/Tabellen/tabelleA1X19de_bund.html (25.03.2010)

⁵ Bundesministerium für Arbeit und Soziales, Der Dritte Armuts- und Reichtumsbericht der Bundesregierung, Berlin 2008, p. 25.

As a general rule, the lower the qualification level, the higher the at-risk-of-poverty rate. The long-term trend of a rising poverty rate for people with a low qualification level is continuing.

Table 15: At-risk-of-poverty rate^{a)} after social transfers by qualification level^{b)} (2005-2008)

| | 2005 | 2006 | 2007 | 2008 |
|--|------|------|------|------|
| Total | 14.7 | 14.0 | 14.3 | 14.4 |
| Based on the qualification level of the person with the highest income in the household | | | | |
| Low (ISCED 0-2) | 32.0 | 30.5 | 32.8 | 34.2 |
| Medium (ISCED 3 and 4) | 13.8 | 13.2 | 13.5 | 13.8 |
| High (ISCED 5 and 6) | 5.5 | 5.0 | 4.7 | 4.9 |
| Based on the qualification level (persons 25+ years old) | | | | |
| Low (ISCED 0-2) | 23.1 | 22.5 | 24.1 | 25.3 |
| Medium (ISCED 3 and 4) | 11.1 | 10.6 | 11.0 | 11.3 |
| High (ISCED 5 and 6) | 6.0 | 5.4 | 5.2 | 5.2 |

^{a)} Less than 60% median of the equivalised disposable income in private households (principal domicile), calculated on the basis of the new OECD scale.

^{b)} Based on the International Standard Classification of Education (ISCED).

Source: Microcensus, URL: http://www.amtliche-sozialberichterstattung.de/Tabellen/tabelleA1X19de_bund.html (25.03.2010)

The highest at-risk-of-poverty rates among the labour force affects single parents (in 2008: 24.5%). In East Germany, the poverty rates are higher in all types of employment. While in 2008 only 5.3% of all employed people in West Germany (without Berlin) were poor, 10.0% of the East German labour force was below the poverty threshold. 10.4% of the solo-self-employed is at risk of poverty, which is three times as high as people in a standard employment relationship (3.2%) but not as high as people in atypical work (14.3%).⁶

b) Atypical work and low-wage employment

According to the microcensus, the proportion of atypical workers has increased significantly since 1998: In 1998, around three quarters of the labour force (72.6%) were in a standard employment relationship,⁷ 2008 only 66.0%. At the same time, the proportion of atypical work increased from 16.2% to 22.2%.⁸ Women are almost three times as frequently in atypical work than men (2008:

⁶ Cp. Federal Statistical Office 2009: Niedrigeinkommen und Erwerbstätigkeit, S. 25, URL: http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/DE/Presse/pk/2009/Erwerbstaetigkeit/begleitheft_Erwerbstaetigkeit_property=file.pdf (20.04.2010).

⁷ A standard employment is defined as a permanent employment relationship that is subject to social insurance contribution, with at least half of the usual full-time weekly hours of work. A standard employee works directly in the company with that he has a contract (not the case with temporary worker). A employment is considered as atypical if one or more criteria are not met (e.g. temporary work, part-time with less than 21 weekly hours of work, minor employment or fixed-term work).

⁸ Cp. Federal Statistical Office, press release 304 (19.08.2009), URL: http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/DE/Presse/pm/2009/08/PD09_304_132.templateId=renderPrint.psm! (21.04.2010).

34.4% of all women, 12.0% of all men). However, the disparities between East and West Germany are very low.⁹

Employees without occupational qualification are more often in atypical work than employees with a higher qualification. 35.9% of those without occupational qualification were in atypical work but only 22.8% of those with a full-time vocational school diploma and only 14.6% of employees with a technical college / university degree.¹⁰

The number of fixed-term employment contracts among men has increased since 1991 continuously while the number of permanent contracts has decreased. Women on the contrary are more often in fixed-term as well as in permanent contracts, which reflects the increased employment of women. However, in relative terms, the increase of fixed-term contracts was greater.

Table 16: Permanent and fixed-term contracts 1991-2008^{a)}

| | Permanent contracts | | | Fixed-term contracts | | |
|--------|---------------------|--------------|--------------|----------------------|--------------|--------------|
| | <i>Men</i> | <i>Women</i> | <i>Total</i> | <i>Men</i> | <i>Women</i> | <i>Total</i> |
| 4/1991 | 50.5% | 36.7% | 87.2% | 6.2% | 4.6% | 10.8% |
| 5/1992 | 50.4% | 36.5% | 86.9% | 6.5% | 4.8% | 11.2% |
| 4/1993 | 50.6% | 37.0% | 87.5% | 6.4% | 4.6% | 11.0% |
| 4/1994 | 50.3% | 37.5% | 87.8% | 6.2% | 4.7% | 11.0% |
| 4/1995 | 49.9% | 37.4% | 87.3% | 6.5% | 4.8% | 11.3% |
| 4/1996 | 49.2% | 38.1% | 87.3% | 6.9% | 4.9% | 11.8% |
| 4/1997 | 48.7% | 38.1% | 86.7% | 7.1% | 5.2% | 12.3% |
| 4/1998 | 48.3% | 38.2% | 86.5% | 7.4% | 5.4% | 12.7% |
| 4/1999 | 47.3% | 38.2% | 85.5% | 7.7% | 5.9% | 13.6% |
| 5/2000 | 47.2% | 38.5% | 85.8% | 7.5% | 5.9% | 13.4% |
| 4/2001 | 47.1% | 39.3% | 86.5% | 7.4% | 5.8% | 13.2% |
| 4/2002 | 47.1% | 40.0% | 87.1% | 7.0% | 5.6% | 12.6% |
| 5/2003 | 46.4% | 40.3% | 86.7% | 7.2% | 5.7% | 12.9% |
| 3/2004 | 46.3% | 40.5% | 86.8% | 7.2% | 5.7% | 12.9% |
| 2005 | 45.4% | 39.8% | 85.3% | 8.0% | 6.5% | 14.6% |
| 2006 | 45.2% | 39.9% | 85.1% | 8.1% | 6.6% | 14.8% |
| 2007 | 45.2% | 39.8% | 85.0% | 8.1% | 6.8% | 14.9% |
| 2008 | 45.1% | 39.7% | 84.8% | 8.1% | 6.9% | 14.9% |

^{a)} Permanent and fixed-term contracts in relation to all employment contracts.

Source: Federal Statistical Office, Genesis-Online (microcensus); author's calculation.

The increase of atypical work can also be seen in the fact that the number of full-time contracts among men and women is decreasing.

⁹ Cp. Federal Statistical Office 2009: Niedrigeinkommen und Erwerbstätigkeit, S. 8, URL: http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/DE/Presse/pk/2009/Erwerbstaetigkeit/begleitheft_Erwerbstaetigkeit_property=file.pdf (20.04.2010).

¹⁰ Cp. Federal Statistical Office 2009: Niedrigeinkommen und Erwerbstätigkeit, S. 10, URL: http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/DE/Presse/pk/2009/Erwerbstaetigkeit/begleitheft_Erwerbstaetigkeit_property=file.pdf (20.04.2010).

Table 17: Full-time and part-time 1991-2008^{a)}

| | Full-time contracts | | | Part-time contracts | | |
|--------|---------------------|--------------|--------------|---------------------|--------------|--------------|
| | <i>Men</i> | <i>Women</i> | <i>Total</i> | <i>Men</i> | <i>Women</i> | <i>Total</i> |
| 4/1991 | 56.5% | 29.6% | 86.0% | 1.2% | 12.8% | 14.0% |
| 5/1992 | 56.5% | 29.3% | 85.7% | 1.3% | 13.0% | 14.3% |
| 4/1993 | 56.3% | 28.7% | 85.0% | 1.4% | 13.6% | 15.0% |
| 4/1994 | 55.6% | 28.6% | 84.1% | 1.6% | 14.2% | 15.9% |
| 4/1995 | 55.3% | 28.4% | 83.7% | 1.8% | 14.5% | 16.3% |
| 4/1996 | 54.4% | 29.0% | 83.4% | 1.9% | 14.7% | 16.6% |
| 4/1997 | 53.9% | 28.4% | 82.3% | 2.2% | 15.5% | 17.7% |
| 4/1998 | 53.5% | 28.1% | 81.5% | 2.4% | 16.1% | 18.5% |
| 4/1999 | 52.8% | 27.8% | 80.5% | 2.6% | 16.9% | 19.5% |
| 5/2000 | 52.4% | 27.7% | 80.2% | 2.7% | 17.2% | 19.8% |
| 4/2001 | 51.9% | 27.4% | 79.2% | 2.8% | 17.9% | 20.8% |
| 4/2002 | 51.3% | 27.4% | 78.6% | 3.0% | 18.4% | 21.4% |
| 5/2003 | 50.5% | 27.1% | 77.6% | 3.2% | 19.1% | 22.4% |
| 3/2004 | 50.3% | 26.9% | 77.2% | 3.3% | 19.5% | 22.8% |
| 2005 | 49.6% | 25.9% | 75.5% | 3.9% | 20.5% | 24.5% |
| 2006 | 48.6% | 25.2% | 73.8% | 4.7% | 21.5% | 26.2% |
| 2007 | 48.6% | 25.1% | 73.7% | 4.8% | 21.5% | 26.3% |
| 2008 | 48.5% | 25.2% | 73.7% | 4.8% | 21.5% | 26.3% |

^{a)} Full-time and part-time in relation to all employment contracts..

Source: Federal Statistical Office, Genesis-Online (microcensus); author's calculations.

In 2006, almost every second employee in atypical work (49.2%) was a low-wage earner¹¹. Among the biggest group of employees in atypical work – the part-time workers with 20 or fewer hours per week – around one-fifth (19.5%) was low paid. 36.0% of all employees with a fixed-term contract were below the low-wage threshold. The most affected group are the employees in minor employment: 81.2% were low-wage earners. Time-work was also often linked with low-wage (67.2%). This means that all types of atypical work lead to a higher low-wage risk than a standard employment (11.1%).¹²

¹¹ The low-wage threshold was calculated based on the international criteria of the OECD. According to that an hourly wage is considered as low-wage if it falls below two third of the median of all registered hourly wages. In 2006, the low-wage threshold was at 9.85 Euros.

¹² Cp. Federal Statistical Office 2009: Niedrigeinkommen und Erwerbstätigkeit, p. 13-16, URL: http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/DE/Presse/pk/2009/Erwerbstaetigkeit/begleitheft_Erwerbstaetigkeit.property=file.pdf (20.04.2010).

Table 18: Proportion of low-wage earners (2006)

| | Total | Standard employment | Atypical Employment | | | | |
|----------------|-------|---------------------|---------------------|-----------|------------|------------------|-----------|
| | | | Total | Part-time | Fixed-term | Minor employment | Time-Work |
| Total | 20.0 | 11.1 | 49.2 | 19.5 | 36.0 | 81.2 | 67.2 |
| Women | 27.2 | 16.7 | 47.2 | 18.0 | 38.2 | 81.9 | 77.3 |
| Men | 14.3 | 7.7 | 52.9 | 30.6 | 33.9 | 79.8 | 63.7 |
| By age | | | | | | | |
| 15 - 24 | 51.9 | 32.8 | 69.4 | 54.8 | 51.9 | 86.6 | 81.0 |
| 25 - 34 | 22.1 | 13.4 | 46.3 | 27.6 | 29.2 | 79.3 | 66.9 |
| 35 - 44 | 15.4 | 8.7 | 41.4 | 14.4 | 29.3 | 78.8 | 62.0 |
| 45 - 54 | 16.0 | 9.5 | 46.7 | 18.1 | 37.6 | 81.7 | 63.5 |
| 55 - 64 | 19.3 | 10.0 | 51.9 | 17.9 | 40.1 | 80.7 | 55.5 |

Source: Federal Statistical Office: Niedrigeinkommen und Erwerbstätigkeit, p. 18.

Because of differing methods of collecting data in the past years, it is not possible to create a comprehensive time series regarding the low-wage sector.¹³ However, for the statistically recorded economic branches, data shows an expansion of the low-wage sector: Between 2001 and 2006, the proportion of low-wage earners has increased from 17% to 20%.¹⁴

According to the Federal Statistical Office, one has to consider “that a low-wage does not necessarily lead to poverty because also social transfers and the household formation are important.” Nevertheless, the analysis of the microcensus 2008 shows that “employees in atypical work live more often below the at-risk-of-poverty threshold (14.3%) than employees in standard employment (3.2%)”.¹⁵ In general terms, among all types of atypical work an increase of the poverty risk can be monitored. Men in atypical work are affected more often than women (19.8% / 12.0%).¹⁶

Overall, wages with hourly rates of less than 6 Euro are no longer a rarity. Taking inflation into account, the average wage within the low-income sector has not increased since 1995, but has actually decreased in West Germany in recent years.¹⁷

It should be noted that meanwhile in Germany not only employees in atypical work, less-qualified workers, and young people are concerned by low-wage. In fact, since the mid 1990s also full-time

¹³ Federal Statistical Office 2009: Niedrigeinkommen und Erwerbstätigkeit, p. 19.

¹⁴ Federal Statistical Office: Niedrigeinkommen und Erwerbstätigkeit, p. 18.

¹⁵ Cp. Federal Statistical Office, press release 304 (19.08.2009), URL: http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/DE/Presse/pm/2009/08/PD09_304_132.templateId=renderPrint.psm! (21.04.2010); author's translation.

¹⁶ Cp. Federal Statistical Office, press release 304 (19.08.2009), URL: http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/DE/Presse/pm/2009/08/PD09_304_132.templateId=renderPrint.psm! (21.04.2010); Federal Statistical Office 2009: Niedrigeinkommen und Erwerbstätigkeit, p. 25, URL: http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/DE/Presse/pk/2009/Erwerbstaetigkeit/begleitheft_Erwerbstaetigkeit.property=file.pdf (20.04.2010).

¹⁷ Weinkopf, Claudia/ Kalina, Thorsten: Konzentriert sich die steigende Niedriglohnbeschäftigung in Deutschland auf atypisch Beschäftigte?, ZAF 4/2008, p. 447-469.

workers, people with professional education and middle age employees (25-54 years old) are affected.¹⁸

c) *Labour market segregation*

In 2008, women in Germany earned 14.51 Euros per hour, which is 4.39 Euros less than men. Therefore, the gender pay gap remained constantly at 23%. Between West and East Germany, changes can be noticed: In West Germany the gender pay gap increased from 24% to 25% while it decreased in the newly formed states from 6% to 5%.¹⁹

Table 19: Gender pay gap: Differences in the average hourly earnings between women and men (2006-2008)

| | 2006 | 2007 | 2008 |
|--|------------|------------|------------|
| TOTAL | 23% | 23% | 23% |
| BRANCHES | | | |
| Mining and quarrying | 5% | 3% | 3% |
| Manufacturing | 29% | 29% | 29% |
| Energy supply | 22% | 21% | 21% |
| Water supply, waste management | 9% | 9% | 9% |
| Building and construction industry | 12% | 13% | 14% |
| Wholesale and retail trade; repair of motor vehicles | 25% | 25% | 25% |
| Transport | 9% | 7% | 7% |
| Hotel and restaurant industry | 13% | 14% | 13% |
| Communication | 29% | 29% | 29% |
| Financial and insurance services | 29% | 29% | 29% |
| Housing | 18% | 20% | 21% |
| Free-lance, scientific and technical services | 35% | 34% | 34% |
| Other commercial services | 14% | 15% | 16% |
| Education | 16% | 16% | 16% |
| Health care and Welfare | 24% | 24% | 24% |
| Art, entertainment, leisure time | 26% | 29% | 31% |
| Other public services | 27% | 27% | 28% |
| REGION | | | |
| West Germany | 24% | 24% | 25% |
| East Germany | 6% | 6% | 5% |

Source: Federal Statistical Office, URL:

[http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/DE/Content/Statistiken/VerdiensteArbeitskosten/Bruttoverdienste/Tabellen/Content75/Verdienstabstand_2006.templateId=renderPrint.psm1 \(09.04.2010\).](http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/DE/Content/Statistiken/VerdiensteArbeitskosten/Bruttoverdienste/Tabellen/Content75/Verdienstabstand_2006.templateId=renderPrint.psm1 (09.04.2010).)

¹⁸ Weinkopf, Claudia/ Kalina, Thorsten: Konzentriert sich die steigende Niedriglohnbeschäftigung in Deutschland auf atypisch Beschäftigte?, ZAF 4/2008, p. 447-469.

¹⁹ Federal Statistical Office, URL: [http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/DE/Content/Statistiken/VerdiensteArbeitskosten/Aktuell_2.psm1 \(09.04.2010\).](http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/DE/Content/Statistiken/VerdiensteArbeitskosten/Aktuell_2.psm1 (09.04.2010).)

Women and men mostly still work in different occupations and areas marked by traditional role distribution. Men are more in technical professions and more often self-employed while women concentrate in socio-medical / helping professions. In addition, Women are more often public employees, because of the more favourable part-time conditions.

Table 20: Men and Women in the ten most frequently chosen occupational groups 1996/2006 (employees in 1,000)

| Occupational group 1996 | | Occupational group 2006 | |
|--------------------------------|------|--------------------------------|------|
| Men | | Men | |
| Professional driver | 932 | Professional driver | 882 |
| Soldier, border police, police | 624 | Qualified office employee | 499 |
| Qualified office employee | 480 | Businessman | 460 |
| Businessman | 459 | Soldier, border police, police | 458 |
| Mason | 453 | Motor mechanic | 376 |
| Electrician | 423 | Unskilled worker | 357 |
| Construction mechanic | 396 | Electrician | 334 |
| Motor mechanic | 384 | Administrator | 328 |
| Cabinetmaker | 356 | Storekeeper, transport worker | 317 |
| Administrator | 349 | Construction mechanic | 280 |
| Women | | Women | |
| Qualified office employee | 1137 | Qualified office employee | 1368 |
| Salesclerk | 668 | Cleaner | 779 |
| Nurse, midwife | 664 | Administrator | 696 |
| Secretary | 660 | Nurse, midwife | 677 |
| Cleaner | 616 | Doctor's receptionist | 552 |
| Case handler | 537 | Salesclerk | 541 |
| Administrator | 526 | Food salesclerk | 467 |
| Doctor's receptionist | 484 | Nursery nurse | 445 |
| Nursery nurse | 396 | Case handler | 406 |
| Food salesclerk | 392 | Elderly care nurse | 370 |

Source: Federal Statistical Office: Datenreport 2008, p. 116.

Table 21: Gender segregation in branches 2003-2008

| | Farming / forestry / fishery | | | Mining / manufacturing industry | | |
|---------|--------------------------------------|--------------|--------------|---------------------------------|--------------|--------------|
| | <i>Men</i> | <i>Women</i> | <i>Total</i> | <i>Men</i> | <i>Women</i> | <i>Total</i> |
| 05/2003 | 66.0% | 34.0% | 895 | 72.1% | 27.9% | 8370 |
| 03/2004 | 67.1% | 32.9% | 832 | 72.2% | 27.8% | 8255 |
| 2005 | 67.1% | 32.9% | 867 | 72.3% | 27.7% | 8155 |
| 2006 | 67.9% | 32.1% | 844 | 71.9% | 28.1% | 8275 |
| 2007 | 67.5% | 32.5% | 859 | 72.1% | 27.9% | 8502 |
| 2008 | 67.7% | 32.3% | 873 | 72.3% | 27.7% | 8625 |
| | Energy and water supply | | | Building | | |
| | <i>Men</i> | <i>Women</i> | <i>Total</i> | <i>Men</i> | <i>Women</i> | <i>Total</i> |
| 05/2003 | 79.1% | 20.9% | 287 | 87.2% | 12.8% | 2607 |
| 03/2004 | 78.7% | 21.3% | 296 | 87.0% | 13.0% | 2435 |
| 2005 | 77.8% | 22.2% | 316 | 87.1% | 12.9% | 2399 |
| 2006 | 76.6% | 23.4% | 316 | 87.4% | 12.6% | 2447 |
| 2007 | 76.3% | 23.7% | 334 | 88.0% | 12.0% | 2527 |
| 2008 | 77.2% | 22.8% | 346 | 87.9% | 12.1% | 2521 |
| | Commerce / hotel and restaurant ind. | | | Transport / communication | | |
| | <i>Men</i> | <i>Women</i> | <i>Total</i> | <i>Men</i> | <i>Women</i> | <i>Total</i> |
| 05/2003 | 45.2% | 54.8% | 6296 | 70.9% | 29.1% | 2001 |
| 03/2004 | 45.9% | 54.1% | 6217 | 71.6% | 28.4% | 1971 |
| 2005 | 47.0% | 53.0% | 6554 | 72.1% | 27.9% | 1950 |
| 2006 | 46.8% | 53.2% | 6663 | 71.3% | 28.7% | 2061 |
| 2007 | 46.2% | 53.8% | 6736 | 72.3% | 27.7% | 2148 |
| 2008 | 46.3% | 53.7% | 6749 | 72.3% | 27.6% | 2147 |
| | Credit bussines / insurance industry | | | Renting | | |
| | <i>Men</i> | <i>Women</i> | <i>Total</i> | <i>Men</i> | <i>Women</i> | <i>Total</i> |
| 05/2003 | 49.3% | 50.8% | 1351 | 52.5% | 47.5% | 3221 |
| 03/2004 | 49.6% | 50.5% | 1296 | 52.8% | 47.2% | 3276 |
| 2005 | 50.3% | 49.7% | 1306 | 53.1% | 47.0% | 3522 |
| 2006 | 50.3% | 49.8% | 1306 | 52.9% | 47.1% | 3736 |
| 2007 | 49.3% | 50.7% | 1303 | 52.5% | 47.5% | 3909 |
| 2008 | 49.3% | 50.7% | 1301 | 53.3% | 46.7% | 4172 |
| | Public administration | | | Public and private services | | |
| | <i>Men</i> | <i>Women</i> | <i>Total</i> | <i>Men</i> | <i>Women</i> | <i>Total</i> |
| 05/2003 | 57.2% | 42.8% | 3001 | 31.1% | 68.9% | 8143 |
| 03/2004 | 56.8% | 43.2% | 2922 | 30.8% | 69.2% | 8159 |
| 2005 | 56.4% | 43.6% | 2913 | 31.0% | 69.0% | 8585 |
| 2006 | 56.1% | 43.9% | 2936 | 30.9% | 69.1% | 8760 |
| 2007 | 55.6% | 44.4% | 2945 | 30.4% | 69.6% | 8900 |
| 2008 | 54.3% | 45.7% | 2869 | 30.5% | 69.5% | 9133 |

Source: Federal Statistical Office, Genesis-Online (Mikrozensus); author's calculation.

d) *Undeclared work*

The Federal Statistical Office provides no autonomous estimation of the ‚black economy‘. This is justified with the fact that no international definition exists and moreover in the absence of reliability, objectivity, and verifiability essential characteristics of official statistics are missing.²⁰

e) *Tax rate on low wage workers: low wage traps*

Table 22: Additional earnings and „taxation“ within the basic security benefits for jobseekers

| Additional earning | Exemption | Deduction | ‚quasi tax rate‘ |
|----------------------------------|-----------|-----------|------------------|
| without children | | | |
| 400 | 160 | 240 | 60.0 |
| 900 | 250 | 650 | 72.2 |
| 1,200 | 280 | 920 | 76.6 |
| With one or more children | | | |
| 400 | 160 | 240 | 60.0 |
| 1,200 | 280 | 920 | 76.6 |
| 1,500 | 310 | 1,190 | 79.3 |

For information only: The top income tax rate is 42% (between around 53,000 to 251,000 Euros) respectively 45% (more than 251,000 Euros).

Source: author’s compilation and calculation based on data of the Federal Ministry of Labour and Social Affairs.

f) *Child care*

The aim of the sustainability strategy of the federal government is to provide childcare for at least 30% of the 0-2 and 3-5 year-olds until 2010. Until 2020, this proportion is to be increased to 35% (0-2 years) and 60% (3-5 years).

Table 23: Full-day care^{a)} in Germany 2006/2007, in %

| | Full-day care for 0-2 year-olds | Full-day care for 3-5 year-olds |
|------|---------------------------------|---------------------------------|
| 2006 | 5.9% | 22.0% |
| 2007 | 6.5% | 24.2% |

^{a)} Proportion of children in full-day care (more than 7 hours, without day care) of the different age groups.

Source: Federal Statistical Office, Genesis-Online.

g) *Access to flexitime*

According to the Federal Employment Office, no updated official data is available. However, the Employment Office told us that meanwhile flexitime is taken as a matter of course.

²⁰ Cp. Federal Statistical Office: Bruttoinlandsprodukt 2009 für Deutschland, p. 41-42.

3 Main causes of in-work poverty and labour market segmentation: literature review

3.1 Critical review on in-work poverty

Policy in Germany also calls for the employment policy strategy of “flexicurity”. By summarizing the abovementioned European and German data, it is evident that

- the standard employment relationship is eroding (full-time, permanent, subject to social insurance contribution);
- precarious employments are becoming more important;
- the low-wage sector is increasing; and
- the disadvantaged groups are growing.

The literature and the policy offer conflicting explanations for these developments:

- a. There is a consensus on the analysis that the German economy is in *European and international competition*. However, almost oppositional are the consequences from this situation: Free-market liberal politicians and scientists speak for a lower increase of unit labour costs and ask for more wage inequality e.g. by extending the low-wage sector. Furthermore, they call for a lower tax charge particularly concerning the “elite”.²¹ Despite detail differences these positions can be found more frequently in the current governing parties CDU/CSU (Christian Democrats) and FDP (Liberals).²² On the contrary, pro-labour stakeholders argue that higher wages lead to higher economic demands while wage cuts cause a precarious dependency on export trade.²³ Aside from the trade unions – and, again, despite differences in the details – especially the current opposition parties SPD (Social Democrats), Bündnis90/Die Grünen (The Greens) and die Linke (the Left) share this view.²⁴

The high and long-lasting mass unemployment has led to wage agreements which have fallen behind the productivity growth and the inflation (see figure 1: E.g. in comparison with 2000, in 2001 the inflation and the productivity level have increased by a total of 3.5%, but the gross wages only by 1.8%; in the period between 2000 and 2008, the inflation and the productivity have increased by a total of 43%, but the wages rose only by 11.8%). This means that the distribution policy was not neutral, but caused the proportion of the corporate profits to increase in real terms. Germany is the only MS where the wages have not risen in real terms since 2000.

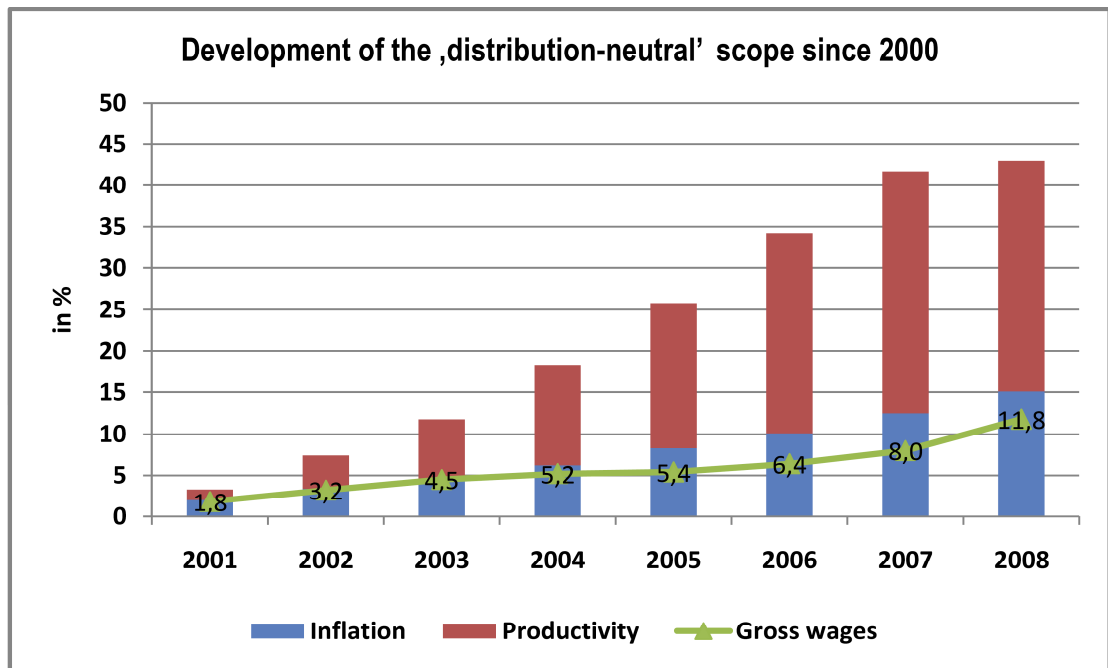
²¹ Cp. Sinn, Hans-Werner/ Geis, Wido/ Holzner, Christian: Die Agenda 2010 und die Armutsgefährdung, in: ifo-Schnelldienst No. 17/2009, p. 23 et seqq.

²² Cp. Koalitionsvertrag: Frankfurter Rundschau, 24.10.2009: Hintergrund: Schwerpunkte des Koalitionsvertrages.

²³ Cp. <http://www.mindestlohn.de/>

²⁴ Cp. contributions of Frank-Walter Steinmeier (SPD), Oskar Lafontaine (Die Linke) and Jürgen Trittin (Bündnis 90/ Die Grünen) in: Deutscher Bundestag. Stenografischer Bericht, 3. Sitzung, Berlin, 10.11.2009, p. 39 et seqq.

Figure 1: Development of the ‚distribution-neutral‘ scope since 2000



Source: Calculation by Prof. Dr. Dieter Eißel, University of Gießen (not published).

Table 24: Change of the net wages in real terms (in %)

| West Germany | Average annual change |
|----------------|-----------------------|
| 1970 - 1980 | 2.9% |
| 1980 - 1991 | 1.6% |
| Germany | |
| 1991 - 2000 | 0.9% |
| 2000 - 2008 | 0.0% |
| 2004 - 2008 | -0.8% |

Source: Brenke, Karl: Reallöhne in Deutschland über mehrere Jahre rückläufig, in: DIW – Wochenbericht Nr. 33/2009. p. 554.

The German Institute on Economic Research (DIW) assessed a discrepancy between stagnating wages on the one hand and the increased average qualification of employees on the other hand. According to Karl Brenke “the extraordinary large problems of less-qualified workers are repeatedly used to limit in general the demands for higher wages.”²⁵ Brenke assessed that the high unemployment and the disintegration of former sociocultural milieus weak the trade unions which in turn leads to a poor wage development and in the end to a lower private consumption.²⁶ This means that the increase of in-work poverty is a result of the collective agreements and of the wage policy.

²⁵ Brenke, Karl: Reallöhne in Deutschland über mehrere Jahre rückläufig, in: DIW – Wochenbericht Nr. 33/2009. p. 559 et seq.; author’s translation.

²⁶ Brenke, Karl: Reallöhne in Deutschland über mehrere Jahre rückläufig, in: DIW – Wochenbericht Nr. 33/2009. p. 559 et seq.

- b. However, despite the poor wage development and the expansion of the low-wage sector, the discussion about the “*business location Germany*” continues: On 9 February 2010, the Federal Constitutional Court has ruled that the calculation method of the sociocultural subsistence level is unconstitutional.²⁷ Thereupon the chairman of the liberal party, the foreign minister Guido Westerwelle, argued that the standard rates are too high, because the gap to the net wages is not big enough.²⁸ Even though the debate was finished soon (also within the governing parties), it revealed the strategic value of the minimum income schemes for the wage policy. A furthermore free-market liberal policy will argue for greater wage differentials and therefore has to attempt to decrease the standard rates. Also the representatives of the medium-sized businesses within the governing CDU/CSU affirmed that position.²⁹ However, a broad public opposition argued against that call of the liberal minister and asked for the implementation of minimum wages instead.³⁰
- c. During recent years, some important *enterprises relocated their business to other locations* in foreign countries or announced their intentions to do so (e.g. Nokia moved from Bochum to Rumania;³¹ Opel intended to close sites³²). Especially the trade unions fear that this development will cause a competition to undercut the wage level within national or regional company parts.³³
- d. Also 20 years after the reunification there is still the ‘special problem’ *East Germany*. The immense employment reduction has still not been compensated. The unemployment rate in East Germany continues to be twice as high as it is in the West³⁴ and this despite the fact that meanwhile more than one million people have left East Germany and moved to the West or abroad.³⁵ Especially in East Germany risks like long-term unemployment, precarious employment, and low-wage prevail.³⁶ As a result, there are many people who are poor even though they are employed. The situation even becomes worse because of the bordering eastern European countries with a low wage level. In the recent years this development, however, has been reversed: More and more East Germans are now working in Poland because the wage level there is even higher than in East Germany itself.³⁷
- e. In Germany, the *flexicurity-concept* is incompletely implemented: On the one hand by plant bargaining³⁸ and by statutory regulations, the working hours and the contracts become more and more flexible (fixed-term contracts, sequences of time-work, softening

²⁷ BVerfG, 1 BvL 1/09 vom 9.2.2010, URL:

http://www.bundesverfassungsgericht.de/entscheidungen/lis20100209_1bvl000109.html

²⁸ Cp. Deutscher Bundestag. Stenografischer Bericht, 24. Sitzung, Berlin, 25.02.2010, p. 2054 et seqq.

²⁹ Cp. Josef Schlarmann, Chair of the Mittelstandsvereinigung der CDU, in: <http://www.stern.de/politik/deutschland/fdp-chef-guido-westerwelle-hartz-iv-empfaenger-zum-schneeschippen-1545323.html> (21.02.2010).

³⁰ Cp. <http://www.mindestlohn.de>

³¹ <http://www.spiegel.de/wirtschaft/0,1518,528629,00.html>

³² <http://www.derwesten.de/staedte/bochum/Opel-will-1800-Stellen-in-Bochum-kappen-id2527420.html>

³³ Bsirske, Frank: Europa braucht einen New Deal, in: Magazin Mitbestimmung 03/2009, URL:

http://www.boeckler.de/107_94434.html

³⁴ <http://www.bundesbank.de/download/statistik/mbwerte/ix6.pdf>

³⁵ <http://www.pdwb.de/nd06.htm>

³⁶ <http://www.iaq.uni-due.de/iaq-report/2009/report2009-05.pdf>

³⁷ Flucht nach drüben, immer mehr Ostdeutsche verdienen ihr Geld im benachbarten Polen. In: DER SPIEGEL Nr. 12/2010, p. 36 et seq.

³⁸ Nienhüser, Werner/ Hoßfeld, Heiko: Alles auf Betriebsebene regeln? Dezentralisierung der Tarifbeziehungen aus Sicht betrieblicher Akteure, in: WSI-Mitteilungen Heft 3/2010, p. 126 et seqq.

of collective labour agreements³⁹ etc.), on the other hand the “security” is only partially implemented. In context with the short-time work – see our last reports and the measures listed below⁴⁰ – the working hour’s reduction caused by the financial crisis was absorbed. Furthermore there are schemes implemented by the labour market reform 2005, which offer the option to amend low wages up to the minimum income level (see chapter 3). On the other hand there are still some extraordinary high poverty risks. As the German Institute for Economic Research has shown, particularly single households of young employees (people under 30 years) and single parents are affected.⁴¹ At the same time, the pension entitlements of future retirees become fragmentary.⁴²

3.2 Critical review on labour market segmentation

a) *core workforce – peripheral employees*

The labour market segregates more and more – not only in Germany.⁴³ Since a long time, the importance of the secondary sector is gone, more than 70% of all employees are in the service sector.⁴⁴ The secondary sector is still important for wide parts of the economy (producer of investment goods, exporting nation), in particular, it secures many high-qualified jobs. Because of the improvements in productivity and the relocation of elementary production stages abroad, many less-qualified positions became dispensable. In the tertiary sector, in addition to high-qualified jobs also many low-qualified jobs emerged. This is called the “globalization of the third sector” (Jeremy Rifkin).⁴⁵ This new structure of the labour market can no longer be described by opposing the core workforce to peripheral employees, which were related to a enterprise or a branch. Today these segregations occur among and between the secondary and tertiary sector on national level as well as between national economies. Governmental and European policy accelerate this development as we saw with Nokia in Bochum (at first the federal state of North Rhine-Westphalia supported Nokia with subsidies and after Nokia had went to Rumania it received additional subsidies there).⁴⁶

b) *Gender segregation*

Although a structural change is visible, gender segregation is very common on the German labour market. E.g. the “Elterngeld” (“parental allowance”) entitles employees to receive payments replacing their wages for 12 months after the birth of their child. This benefit can

³⁹ Ibid., p. 129.

⁴⁰ Cp. Huster, Ernst-Ulrich et al.: Impact of the economic and financial crisis on poverty and social exclusion. Third Report in 2009, p. 9.

⁴¹ Grabka, Markus M./ Frick, Joachim R.: Weiterhin hohes Armutsrisiko in Deutschland: Kinder und junge Erwachsene sind besonders betroffen, in: DIW-Wochenbericht Nr. 7/2010, p. 2 et seqq.

⁴² http://www.diw.de/de/diw_01.c.353516.de/themen_nachrichten/renten_im_osten_rutschen_unter_die_grundsicherung.html

⁴³ <http://wirtschaftslexikon.gabler.de/Definition/arbeitsmarkttheorien.html>; cp. Sesselmeier, Werner/ Funk, Lothar/ Waas, Bernd: Arbeitsmarkttheorien: eine ökonomisch-juristische Einführung, Heidelberg 2009.

⁴⁴ Statistisches Bundesamt, Arbeitsmarkt. Erwerbstätige im Inland nach Wirtschaftssektoren, URL: [http://www.destatis.de/jetspeed/portal/cms/Sites/Internet/DE/Content/Statistik ...](http://www.destatis.de/jetspeed/portal/cms/Sites/Internet/DE/Content/Statistik...) (08.12.2009).

⁴⁵ Rifkin, Jeremy: Das Ende der Arbeit und ihre Zukunft, Neue Konzepte für das 21. Jahrhundert, Frankfurt/ New York 2004, p. 209 et seqq.

⁴⁶ Spiegel.de: Experten verlangen nach Nokia-Fiasko generellen Subventionsstopp, URL: <http://www.spiegel.de/wirtschaft/0,1518,529142,00.html>; cp. <http://www.tagesschau.de/wirtschaft/nokia18.html>

be extended to 14 months if also the other parent looks for at least 2 months after the child (cp. Chapter 3).⁴⁷ Therewith the parental allowance targets young high-qualified women. It is to allow those women to combine better childcare and employment. In addition to that, day-care facilities for children under 3 years old (cp. Chapter 3) are to be extended.⁴⁸ On the other hand, one can still observe some very inflexible structures on the labour market: Even though young women have higher formal qualification, their vocational training concentrates – in the non-academic area – on the service sector⁴⁹ and – among the academic area – on professions within the public sector.⁵⁰ The reasons for this are the possibilities to work part-time and therewith the better reconciliation of family and employment. Furthermore, one can notice the still lasting effects of the “employee-patriarchy” (Claudia Pinl).⁵¹ A male management and a mostly male workers' representation are cooperating to fill high posts mostly with male employees. A gender-specific socialisation, the thinking that women have to organize the compatibility of family and working life, and, at last, the established power relations cause gender segregation and gender pay gap.⁵² Women are rare in top management positions.⁵³ According to a recent DIW-Study, just 2.5% of all executive committee members of the 200 largest companies (except the financial sector) in Germany are women. Among the 100 largest banking houses 2.6% and among the 62 largest insurance companies 2.8% of all executive committee members are women.⁵⁴

However, as the Hans-Böckler-Stiftung shows within its new “Gender-Index”, the situation is not unitary in Germany. The “Gender-Index” measures the regional gender segregation and is, according to the Hans-Böckler-Stiftung, the first nationwide index of its type. The indicator accounts particularly the areas of education/vocational training and working life. The results are illustrated on a map: The darker the colour the lesser the equal opportunities.

⁴⁷ Bundeselterngeld- und Elternzeitgesetz (BEEG): §4 Bezugszeitraum Abs. 3, URL: <http://www.gesetze-im-internet.de/beeg/BJNR274810006.html#BJNR274810006BJNG000100000>

⁴⁸ Social Code, Book VIII: § 24 Anspruch auf Förderung in Tageseinrichtungen und in Kindertagespflege, URL: http://www.gesetze-im-internet.de/sgb_8/_24.html

⁴⁹ Bundesregierung der Bundesrepublik Deutschland: Berufsbildungsbericht 2008, http://www.bmbf.de/pub/bbb_08.pdf, p. 118.

⁵⁰ Bundesministerium für Bildung und Forschung: Frauen im Studium, Langzeitstudie 1983 – 2004, Berlin 2005, URL: http://www.bmbf.de/pub/frauen_im_studium_1983-2004.pdf

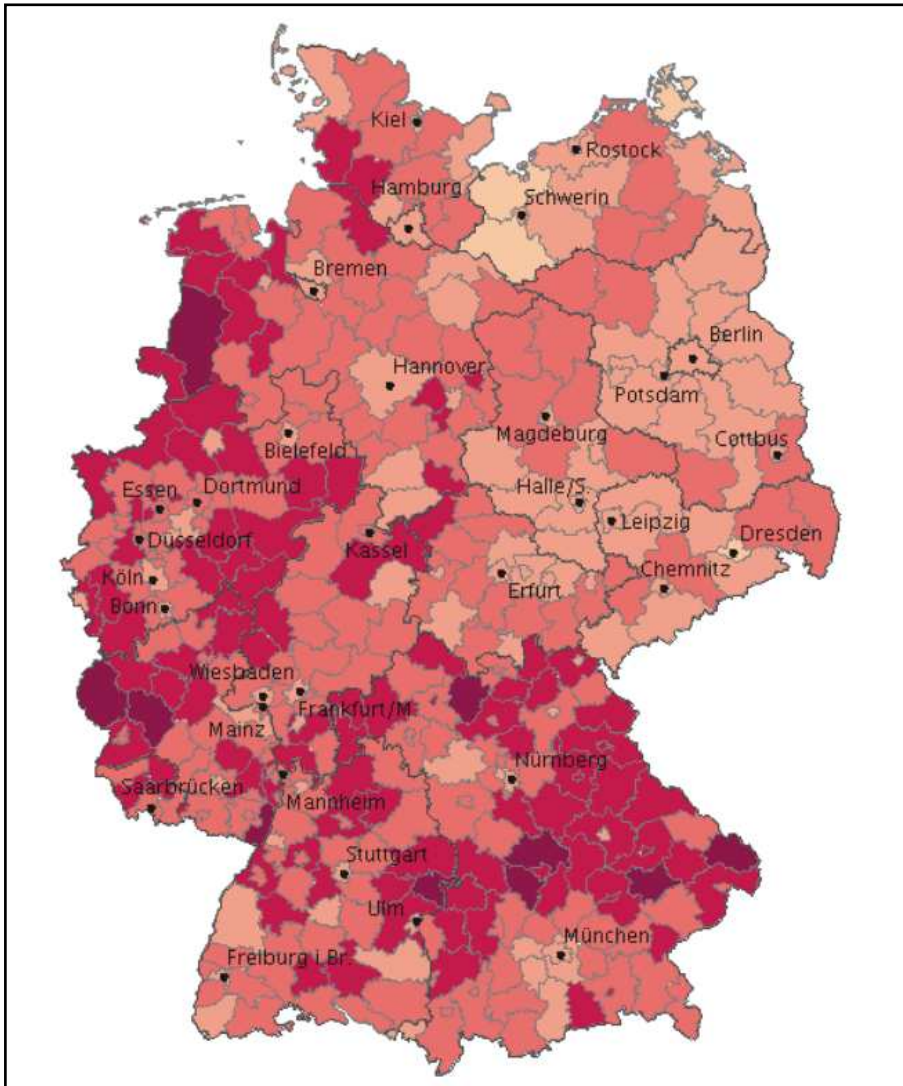
⁵¹ Pinl, Claudia: Das Arbeitnehmerpatriarchat. Die Frauenpolitik der Gewerkschaften, Köln 1977.

⁵² Busch, Anne/ Holst, Elke: “Gender Pay Gap”. In Großstädten geringer als auf dem Land, in: DIW-Wochenbericht Nr. 33/2008, p. 462 et seq.; Anger, Silke/ Kottwitz, Anita: Mehr Hausarbeit, weniger Verdienst, in: DIW-Wochenbericht Nr. 6/2009, p. 102 et seqq.

⁵³ <http://www.bmfsfj.de/Publikationen/genderreport/2-Erwerbstaetigkeit-arbeitsmarktintegration-von-frauen-und-maenner/2-8-Geschlechtersegregation-auf-dem-arbeitsmarkt/2-8-2-vertikale-segregation-hierarchische-stellung-von-frauen-und-maennern-im-erwerbsleben.did=54312.render=renderPrint.html>

⁵⁴ Cp. Holst, Elke/ Wiemer, Anita (2010): Frauen in Spitzengremien großer Unternehmen weiterhin massiv unterrepräsentiert, in: DIW-Wochenbericht 4/2010.

Figure 2: Equal opportunities (regional, 2007)



Source: Hans-Böckler-Stiftung, Gender-Index, URL: <http://www.gender-index.de/karte-und-profile.html> (27.04.2010).

Despite local distinctions, one can notice that there are less equal opportunities in West Germany. Bad results can be found particularly in parts of Bavaria, Rhineland-Palatinate and North Rhine-Westphalia.⁵⁵ As a principle, the gender pay gap is smaller in cities than in rural areas.⁵⁶

c) Education related segregation

In Germany, the formal educational attainment is extraordinarily important for the entrance into working life. For this reason, particularly those social groups have big problems on the labour market, which have only low graduations or no training qualification. This is reflected

⁵⁵ Cp. Hans-Böckler-Stiftung, Gender-Index, URL: <http://www.gender-index.de/karte-und-profile.html>.

⁵⁶ Cp. Hirsch, Boris/ König, Marion/ Möller, Joachim (2000): Regionale Unterschiede im „Gender Pay Gap“. Lohnabstand von Frauen in der Stadt kleiner als auf dem Land, in: IAB-Kurzbericht 22/2009.

by the fact that the proportion of poor qualification is significantly higher among the long-term than among the short-term unemployed. According to the DIW, 22% of all recipients of basic security benefits for jobseekers have no graduation respectively 64% have no graduation or just a secondary education certificate (in 2008). Among unemployment insurance recipients, just 6% have no graduation respectively 42% have no graduation or a certificate of secondary education. In West Germany, around 42% of all recipients of basic security benefits for jobseekers have no training qualification, but just 17% of all unemployment insurance recipients (in 2007).⁵⁷ This correlates with the fact that the qualification structure of the employments has increased.⁵⁸ Obviously the low qualified are no longer needed.

d) *'Ethnically segregated' labour market*

The so-called "guest workers" who once were intended to work just temporarily in Germany are now a separate population group. Around 9 percent of the population are foreigners in Germany, 18.9 percent of the total population have a migration background (in the broader sense).⁵⁹ As described above in a.), members of this group can be found among the core workforce as well as among the peripheral employees (e.g. the director of the "Deutsche Bank" is a Swiss citizen, Opel's top management are US-Americans), but the greater part of the foreigners have a low qualification and work as peripheral employees (whether in the secondary or tertiary sector).

The labour market in Germany is "ethnically segregated".⁶⁰ The unemployment rate of migrants is above average and they often work in jobs with low skill requirements⁶¹ like in the service sector, catering and cleaning. The causes for this situation differ, although there are some major reasons for the particularly poor integration of migrants in the German labour market. One reason is the lack of German language skills, which makes it extremely difficult for many immigrants to receive a good education / vocational training. On average, people with a migration background have bigger problems in search for vocational training and they often abort their training. Therefore, this group can be found more often in so-called "transition systems".⁶² On the other hand, there are medium-sized companies that are managed by foreigners who at the same time provide vocational training officers for foreign nationals.

⁵⁷ Brenke, Karl: Arbeitslose Hartz IV-Empfänger: Oftmals gering qualifiziert, aber nicht weniger arbeitswillig, in: DIW-Wochenbericht Nr. 43/2008, p. 678 et seq., esp. p. 682.

⁵⁸ Brenke, Karl: Reallöhne in Deutschland über mehrere Jahre rückläufig, in: DIW-Wochenbericht Nr. 33/2009, p. 550 et seqq.

⁵⁹ Statistisches Bundesamt (Ed.): Bevölkerung und Erwerbstätigkeit – Bevölkerung mit Migrationshintergrund – Ergebnisse des Mikrozensus 2008 – Fachserie 1 Reihe 2.2, Wiesbaden, 2010, p 32.

⁶⁰ Cp. Boeckh, Jürgen: Migration und soziale Ausgrenzung, in: Huster, Ernst-Ulrich et al. (Ed.): Handbuch Armut und Soziale Ausgrenzung, Wiesbaden 2008, p. 372 et seq.

⁶¹ Bundesagentur für Arbeit (2010): Der Arbeits- und Ausbildungsmarkt in Deutschland - Monatbericht März 2010, p. 53, URL: <http://www.pub.arbeitsagentur.de/hst/services/statistik/000000/html/start/monat/aktuell.pdf> (14.04.2010).

⁶² Bundesagentur für Arbeit (2009): Glossar Grundsicherung, Stichwort: Arbeitslose, URL: <http://www.pub.arbeitsagentur.de/hst/services/statistik/interim/grundlagen/glossare/static/pdf/grundsicherung-glossar.pdf> (15.04.2010).

⁶² Autorengruppe Bildungsberichterstattung (2008): Bildung in Deutschland 2008 – Ein indikatorengestützter Bericht mit einer Analyse zu Übergängen im Anschluss an den Sekundarbereich I, p. 194 et. seqq., URL: http://www.bildungsbericht.de/daten2008/bb_2008.pdf (16.04.2010).

e) *Discrepancies between job specifications and qualification*

On the one hand, lifelong learning is a reasonable demand of employment policy; on the other hand, not everyone is capable to do this. Often the preconditions, which have to be laid already in childhood, are insufficient.⁶³

In recent years, some qualifications have become obsolete and new ones are required which again lose importance rapidly.⁶⁴ With the loss of certain employment opportunities for the low skilled and the increasing substitution of labour by machines, a considerable gap occurs between supply and demand for labour in general and between job requirements and qualification in particular.⁶⁵ Mass unemployment and at the same time a lack of highly-skilled are no antagonism but are two sides of the same coin.⁶⁶ The policy hopes, that this gap can be narrowed by the demographic change (less people in working-age), but it is unclear whether this need for highly-skilled can be met by older employees or by migrants from other MS.⁶⁷

f) *“Hardened low-wage sector”*

The promotion prospects for full-time low-wage earners are quite limited. A study of the Friedrich-Alexander-University in Erlangen – Nuremberg has analysed to which extent full-time employees who had an income below the low-wage threshold in 1998/99 were able to leave the low-wage sector within the next years: Just one in eight made it until 2005. As a principle, young and better-trained low-wage earners have better promotion prospects, women in contrast very often remain on their income level.⁶⁸

⁶³ Cp. Kuhlmann, Carola: Bildungsarmut und die soziale „Vererbung“ von Ungleichheiten, in: Huster, Ernst-Ulrich et al. (Ed.): Handbuch Armut und Soziale Ausgrenzung, Wiesbaden 2008, p. 301 et seqq.

⁶⁴ Bäcker, Gerhard et al.: Sozialpolitik und soziale Lage in Deutschland, Band 1, Wiesbaden 2008, p. 392-509.

⁶⁵ Reinberg, Alexander/ Hummel, Markus: Schwierige Fortschreibung: Der Trend bleibt – Geringqualifizierte sind häufiger arbeitslos, 2007, in: IAB Kurzbericht, Nr. 18/2007; p. 3 et seqq.

⁶⁶ Organisation für wirtschaftliche Zusammenarbeit und Entwicklung (OECD) (Ed.): Bildung auf einen Blick 2009, Bertelsmann, Bielefeld 2009, p. 129 et seqq.

⁶⁷ Bundesamt für Migration und Flüchtlinge (Ed.): Migration von hoch Qualifizierten und hochrangig Beschäftigten aus Drittstaaten nach Deutschland, Nürnberg 2007, p 7 et seqq.

⁶⁸ Cp. Schank, Thorsten/ Schnabel, Claus/ Stephani, Jens (2008): Geringverdiener: Wem und wie gelingt der Aufstieg?

4 Presentation and analysis of policies in Germany

On the sixth annual *Meeting of People Experiencing Poverty* in Brussels (2007), the former federal labour minister *Franz Müntefering* presented his vision of “good employment”: More employment and fair wages, legal security, workplace health protection, family friendly work life, and sufficient chances on further training.⁶⁹ Thus, policy has meanwhile noticed the problems of the working poor and labour market segregation. During recent years, special measures – some in connection with labour market reforms, some in context of the international financial crisis – have been taken: At first, policy reacted to the crisis and associated risks on the labour market by strengthening the demand with enormous stimulus packages (see our third report 2009). Besides that, the entitlement on short-time compensation was extended in the hope that this would help to overcome the crisis and their social consequences. In 2010, the government decided to extend this measure until March 2012.⁷⁰ The main objective is to prevent unemployment, particularly long-term unemployment and therewith avoid an increase of poverty in general.⁷¹

4.1 In-work poverty

Most MS (20 out of 27) have implemented *minimum wages*. In Germany, however, there is no general minimum wage. Instead, the 1996 implemented law on the posting of workers (AEntG) has been amended on 20 April 2009. The original intention of the law was to prevent wage dumping by foreign contractors among the building and construction industry. Now it can also be applied to national wage agreements if the tariff parties involved have agreed on the implementation of such minimum wages in their industry. Afterwards, either the umbrella organizations for the employers or the Federal Ministry of Labour and Social Affairs (BMAS) have to declare them as “generally binding”. Hence, minimum wages up to now apply only to a few branches (waste management, mining, electric trade, industrial cleaning, main construction trade, painting and lacquerer trade, laundry services). Despite that, there are branches where a minimum wage is legally possible but where no such regulation is in effect at present (mail services, demolition industries, roofing, nursing, security services). Additionally a minimum wage for the areas of time-work, textile-industrial services and private forestry is discussed. The existing minimum wages in Germany are between 6.83 Euros (industrial cleaner, pay group 1, East Germany)⁷² and 12,90 Euros (building and construction industry, pay group 2, West Germany).

In several MS, the legal minimum wage is around the same amount, between 6.51 and 9.73 Euros (Luxembourg, France, Ireland, Netherlands, Belgium and United Kingdom). These examples document, that the continually repeated fears, minimum wages could endanger the German competitiveness, destroy low-wage jobs, and thereby increase unemployment, could not be proved.⁷³ However, those argumentations seek to justify that there are still wage groups which lead to incomes significantly below the at-risk-of-poverty thresholds (around 5 Euros per hour). Here, policy can only take steps if both bargaining partners agree on higher minimum wages.

⁶⁹ Cp. Deutscher Vorsitz der EU-Ratspräsidentschaft (Ed.) (2007): 6. Europäisches Treffen von Menschen mit Armutserfahrungen. Erfahrungen, Fortschritte, Perspektiven – Konferenzbericht, Brüssel/Berlin, p. 12 .

⁷⁰ <http://www.tagesschau.de/wirtschaft/kurzarbeit152.html>

⁷¹ Huster, Ernst-Ulrich et al.: Impact of the economic and financial crisis on poverty and social exclusion. Third Report in 2009, p. 9.

⁷² <http://www.bmas.de/portal/43328/>

⁷³ see Kaiser, in: Huster et al. (Hrsg.): Handbuch Armut und Soziale Ausgrenzung, Wiesbaden 2008.

a) *Low net wage*

Between 1999 and 2005, the risk of in-work poverty in Germany rose more strongly than the general at-risk-of-poverty rate.⁷⁴ The increasing in-work poverty indicates that the group of the so-called working poor is growing larger. The enacting of the *Social Code, Book II* (SGB II) has implemented the possibility to increase income that is below the basic security benefits for jobseekers (ALG II) to this level. The number of employees who need to increase their wages in this way has continuously increased in recent years.⁷⁵ In November 2009, around 1,363,000 people (28% of all ALG II-recipients) received this benefit. This corresponds to an increase by 47,000 people compared to the previous year.⁷⁶ Much of this population is not considered unemployed if the work involves more than 15 hours a week.⁷⁷ Thereby the unemployment statistic is also artificially 'improved'. Around one fifth of all employees who receive ALG II are in need even though he or she has a full-time job.⁷⁸ The majority, however, is in need because they do not work full-time. According to a report of the Institute for Employment Research of the Federal Labour Office, the low proportion of full-time employment is not caused by a poor employee motivation but – besides health restrictions and insufficient childcare facilities – by the low qualification of the people concerned.⁷⁹

Furthermore, there has been implemented a *children's allowance* (§ 6a Bundeskindergeldgesetz – BKGG) for households whose earned income would be high enough if there were not children entitled to maintenance. The children's allowance is to avoid that parents become needy just because of their children. For this purpose, the child benefit is increased in these cases. The recipients of the children's allowance are not considered as unemployed because normally they work more than 15 hours a week. In 2008, this children's allowance has been granted for 42,500 households.⁸⁰ Nevertheless, the application procedure is very complicated (in 2008 146,600 applications were submitted, therewith the success rate was 29 percent.)⁸¹ In 2008, the original law was amended so that the number of beneficiaries could be extended. On 1 January 2008, the time limit was removed. Since 1 October 2008, income of employment is less taken into account and the minimum income threshold has been decreased to 900 Euros for couples and 600 Euros for single parents. In addition to that, parents now can choose between the basic security benefits for jobseekers and the children's allowance.⁸² According to a study of the Federal Ministry for Family Affairs, the law amendments already are beginning to take effect – since

⁷⁴ Rhein, Thomas: Arbeit und Armut im transatlantischen Vergleich. „Working poor“ in Deutschland und den USA, in: IAB Kurzbericht, Nr. 1/2009, p. 29.

⁷⁵ Dietz, Martin/ Müller, Gerrit/ Trappmann, Mark: Warum Aufstocker trotz Arbeit bedürftig bleiben, in: IAB Kurzbericht, Nr. 2, 2009, p. 28.

⁷⁶ Bundesagentur für Arbeit (2010): Der Arbeits- und Ausbildungsmarkt in Deutschland - Monatbericht März 2010; p. 23, URL: <http://www.pub.arbeitsagentur.de/hst/services/statistik/000000/html/start/monat/aktuell.pdf> (14.04.2010)

⁷⁷ Bundesagentur für Arbeit (2009): Glossar Grundsicherung, Stichwort: Arbeitslose, URL: <http://www.pub.arbeitsagentur.de/hst/services/statistik/interim/grundlagen/glossare/static/pdf/grundsicherung-glossar.pdf> (15.04.2010).

⁷⁸ Kalina, Thorsten/ Weinkopf, Claudia: Konzentriert sich die steigende Niedriglohnbeschäftigung in Deutschland auf atypisch Beschäftigte?, in: Zeitschrift für Arbeitsmarktforschung, Heft 4/2008, p. 447 et seqq.

⁷⁹ Dietz, Martin/ Müller, Gerrit/ Trappmann, Mark: Warum Aufstocker trotz Arbeit bedürftig bleiben, in: IAB Kurzbericht, Nr. 2, 2009, p. 28.

⁸⁰ According to the Federal Ministry of Family Affairs (via Email, 01.04.09).

⁸¹ Cp. Official Records of Parliament, No. 16/10984.

⁸² Bundesministerium für Familie, Senioren, Frauen und Jugend (2009): Evaluation des Kinderzuschlags – Ergebnisbericht, p. 4, URL: <http://www.bmfsfj.de/RedaktionBMFSFJ/Broschuerenstelle/Pdf-Anlagen/kinderzuschlag-evaluation-2009,property=pdf,bereich=bmfsfj,sprache=de,rwb=true.pdf> (14.04.2010).

October 2008 more families are entitled to receive the maximum amount. The study also points out that the children's allowance improves the motivation to start working and to reach the targeted group better (employed parents with low income). So far, not much experience with the new procedures could be gained. Because additionally, welfare as well as the children's allowance is only granted on application, it is quite likely that many people are not claiming for their entitlement. Contrariwise, practice documents that many people are applying for the children's allowance although their income would even then not reach the ALG II-level. This shows on the one hand that many wages are very low and on the other hand, that people are willing to live under the substance level if thereby they can avoid visiting the social welfare office. On this, the mentioned study can show that compared to the ALG II, the benefits of the children's allowance finds higher acceptance within the benefit recipients, probably because it is considered as less stigmatizing.⁸³

Both schemes described are special types of 'composite wages': The income of the employee is higher than his wage, the difference is paid by tax money. For employees who additionally receive ALG II also social insurance contributions are partly paid by the government. In principle, the composite wages are designed to provide an incentive to hire particularly those people who face specific difficulties in the employment market. These new types of composite wages amend existing assistance measures of the Federal Employment agency. These include particularly the *settling-in allowances*, which are limited to 12 months and which bear 50% of the labour costs and the employee's social insurance contribution as well as the *recruitment subsidy* for founders of a new business, who hire unemployed. While the Federal Employment Agency calculates that around 60 percent of all beneficiaries continue to be employed, the union trades assess the prospect of composite wages sceptically because of the free-rider effect. According to them, it is almost impossible to assess to what extent these measures really create new employment.

b) *Low work intensity*

Atypical employment includes all dependent employment which is short-term, temporary, part-time (under 20 hours), or minor employment.⁸⁴ Between 1998 and 2008, the proportion of atypical work increased from 16.2% to 22.2% of the labour force.⁸⁵ This results in problematic distributional effects: First, 'marginal' atypical workers are largely excluded from the social security system. Even though the blanket social insurance contributions paid by their employers leads to eligible insured years, their social insurance entitlements will be not high enough to prevent them from poverty. Second, the decrease of employment with mandatory social insurance contribution causes revenue losses. Third, the minor employments intensify the gender segregation on the labour market, because particularly women work in such types of employment (two Thirds are women).

⁸³ Bundesministerium für Familie, Senioren, Frauen und Jugend (2009), p. 6 et seqq.

⁸⁴ Statistisches Bundesamt (2010): Was sind atypische Beschäftigte?, URL: http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/DE/Content/Publikationen/STATmagazin/Arbeitsmarkt/2009_04/AtypischBeschaeftigte.psmf.

⁸⁵ Statistisches Bundesamt (2009): Pressemitteilung Nr.304 vom 19.08.2009 - Umfang atypischer Beschäftigung hat zugenommen; URL: http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/DE/Presse/pm/2009/08/PD09_304_132.temp.lateld=renderPrint.psmf

Between June 2003 and June 2009 the extent of temporary employment via employment businesses (so-called "Leiharbeit") increased from 327.331 to 609.720 employees.⁸⁶ In the majority of cases, this kind of employment is unstable and often badly paid. But it has also some considerable advantages; leasing temporary employment can alleviate the job entry especially for long-term unemployed people. In 2007, 59.2% of the temporary employees were unemployed before they started to work as a temporary worker.

Starting with the labour market reform in 2003, the boom phase caused an expansion of minor employment (so-called "mini-jobs" and "midi-jobs"). Their extent increased from 5.533 to 7.192 million employees between June 2003 and June 2009. When assessing minor employments, one has to distinguish if this employment is the only income (in June 2009: around 4.9 million employees) or if it is just an additional earning (around 2.3 million employees). The immense rise of people who have a minor employment as a side job (1.2 million in June 2003 to 2.3 million in June 2009) indicates that an increasing number of people in Germany cannot earn their living from their regular employment.

Because of the substitution of full-time work to precarious employment, already the red-green coalition decided to participate mini- and midi-jobs in the social security financing. On 1 April 2003, the minor employment has been amended: Up to an income of 400 Euros ("mini-job") the employee does not have to pay any social insurance contributions and the employer has to pay a fixed rate of 30% for social charges and taxes (15% for the pension insurance, 13% for the health insurance and 2% taxes). Where applicable this is completed by contributions according to the continued payment of wages act and the maternity protection act. Household-related services are tax-reduced (employer pays 12% in total). For minor employment between 400.01 and 800 Euros ("midi-jobs") the employer has to pay the full social insurance contribution but the dues of the employee increases linear from 9% to the full employee's contribution. This regulation is to promote the transition from a "mini-job" to an employment in the low-wage sector. Several "mini-jobs" that in addition exceed the 400 Euros threshold are considered as a normal employment with mandatory social insurances contributions. Nevertheless, if one has a "mini-job" besides his prime job, the "mini-job" does not also become a subject to social insurance contributions.

In 2001, policy has responded to the increase of fixed-term employment with the Part-time and Fixed-term Employment Act (TzBfG). On the one hand, the new regulations shall still offer incentives to employ workers, but on the other hand, it is designed to reduce the insecurity caused by fixed-term contracts. As a rule, a fixed-term contract is only to be permitted with a reliable reason. However, no reasons are necessary if the contract is concluded for a maximum of two years. There are further regulations regarding older employees (52+) and within the first four years after the company was established.⁸⁷ It remains unclear if this compromise – create more jobs and at the same time protect the interests of the employees – is helpful.

As mentioned above, according to an IAB-study, one of the main obstacles to take a full-time job is the lack of childcare offers. For this reason, policy recently has addressed this problem with a number of measures. According to § 24 of the Social Code, Book VIII, every child older than three years has a legal right on a place in a childcare facility and the

⁸⁶ Bundesagentur für Arbeit (2010): Arbeitsmarkt in Zahlen - Arbeitnehmerüberlassung, 5. Bestand an Leiharbeitnehmern, p. 10; URL: <http://www.pub.arbeitsagentur.de/hst/services/statistik/200906/iiiia6/aeug/aeugd.pdf>

⁸⁷ Teilzeit- und Befristungsgesetz (TzBfG) § 14.

municipalities are liable to organize those places. Recipients of basic security benefits for jobseekers are entitled to childcare services because this is a precondition for successful labour market integration (§ 16a Social Code, Book II). According to § 10 Social Code, Book II, employable people in need have to be treated preferential, which also means that they are entitled to childcare places without further testing. Children under three are only entitled to a day nursery place if their parents are both employed, still at school or in vocational training or if they are recipients of a settling-in allowance according to the Social Code, Book II.

4.2 Labour market segmentation

Policy has taken several steps to counteract labour market exclusion, but the impact still is quite low.

▪ **Active inclusion - approach**

The German approach and the special targets for social integration correspond with the growing EU-emphasis on active inclusion. Nevertheless, in practice the labour-market authorities target those more who are near to the labour market than those who are further away. The Federal Employment Office decides about integration measures by regarding the individual profile. The criteria are “commitment/motivation”, “skills/qualification”, “obstacles” and “specific labour market conditions”. According to that, the customers are allocated to three groups: The “market customers”, the “consultation customers” and the “care customers”. The “market customers” are easy placeable. Within the „consultation customers“ there are two subgroups, on the one hand those people who need to be activated and on the other hand those who need to be promoted. The promotion measures target both subgroups, because it is generally expected that members of this group are placeable via measures of active employment policy and thus expenditures can be reduced. This is not expected within the group of “care customers”; measures of active employment policy are subordinated here.⁸⁸ In this context Gerhard Bäcker assesses an “institutionalised creaming”.⁸⁹

▪ **Job retention and advancement**

One policy to counteract labour market exclusion are the so-called *job opportunities* (“1-Euro-jobs”), they are to help people with obstacles to find their way back into the labour market (§ 16 subs. 3 Social Code, Book II). This instrument has been used very often in the recent years. In its exclusive report “Arbeitsgelegenheiten 2007” (“Job Opportunities 2007”) the Federal Employment Office enumerates 703,615 granted promotions. 60% of the promoted persons are men, 30% have a migration background. 21.5% are under 25 years, 28.5% are between 40 and 50 years old. 23.3% of the promoted persons have no graduation, 45.6% have a secondary general school certificate. By taking into account the duration of unemployment before the particular measure has started, it becomes clear that the percentage of permanently unemployed persons (28.2%) is just marginally higher than the percentage of those who directly where placed into a job opportunity (26.4%). More than half of the job opportunities take place within the area of infrastructure development and environmental protection / landscape work. The hours of work amount to 28.9 hours in average. 37.2% of the persons concerned earn 1.00 to 1.10 Euros, 33.2% earn 1.50 to 1.60

⁸⁸ Bäcker, Gerhard/ Neubauer, Jennifer: Soziale Sicherung und Arbeitsförderung bei Armut und Arbeitslosigkeit, in: Huster, Ernst-Ulrich et al. (Ed.): Handbuch Armut und Soziale Ausgrenzung, Wiesbaden 2008, p. 514 et seq.

⁸⁹ ibid. p. 515; cp. DER SPIEGEL: Unten bleibt unten, no. 44/2008, 27.11.2008, p. 66 et seqq.

Euros an hour. The additional expenditure compensation is 1.25 Euros in average. The average lump sum a provider of a job opportunity receives is 281 Euros per participant and month.⁹⁰

In October 2008, a total of 9% of the recipients on the basis of the Social Code, Book II have participated in a so-called "arbeitsmarktpolitische Maßnahme" ("labour-market policy measure"). 12% received benefits in addition to their earned income. 36% of all beneficiaries are not available to the labour market (because of disease, care of relatives or care of children under 3 years). The Institute for Employment Research (IAB) assesses the outcome of the labour market integration by job opportunities ambivalently. There are positive effects within the groups of women in West Germany and long term unemployed, but with young people under 25 years no positive results were verifiable.⁹¹

▪ **Working conditions and "employee friendly" flexibility: voluntary part-time, parental leave, atypical hours.**

The Part-time and Fixed-Term Act (implemented in 2001) entitles employees in firms with more than 15 employees to reduce their working time. The act aims to strengthen the compatibility of family and working life and therewith also seeks to stabilize the employment of women.⁹² Another policy to introduce flexible working hours is to establish working time accounts (so-called „Arbeitszeitkonten“). In the last years, the use of working time accounts has greatly increased in Germany. Between 1998 and 2006, the extent rose from approx. 30% to 40%.⁹³ The accounts are supposed to provide an opportunity for the businesses to manage the working hours of the employees more flexibly and effectively. Furthermore, it allows employers to provide a basis for a balanced management of family and career for their employees. However, a study of the Hans Böckler Stiftung shows that many families cannot benefit from this model.⁹⁴

▪ **Life-long learning, in particular specific on-the-job schemes for the low-skilled.**

There are governmental and regional schemes, which are more target-group orientated than in the past. Especially young people without good school graduations and without an apprenticeship training position get special support to promote their integration skills and receive behaviour training/advisory to learn about their social rights. The same can be said for other groups: elderly, woman, migrants, and persons with disabilities.

Those offers must be improved. In particular, there need to be more specific qualification measures for people further from the labour market. Regarding lifelong learning programmes little has changed. The Federal Ministry of Education and Research and the Conference of the Education Ministers coordinate the EU-supported programmes *Comenius*, *Erasmus*, *Leonardo da Vinci*, and *Grundtvig* and are trying to expand the offer. Nevertheless, a nationwide uniform structure can barely be noticed. There are more and more regional offers (e.g. of the adult

⁹⁰ Bundesagentur für Arbeit (Ed.): Leistungen zur Eingliederung an erwerbsfähige Hilfebedürftige: Einsatz von Arbeitsgelegenheiten 2007, Nürnberg 2008.

⁹¹ Wolff, Joachim/ Hohmeyer, Kathrin: Für ein paar Euro mehr. Wirkungen von Ein-Euro-Jobs, in: IAB Kurzbericht 2/2008, Nürnberg 2008.

⁹² <http://www.iab.de/179/section.aspx/Publikation/k050110f09>

⁹³ Zeitbüro NRW (2006): Arbeitszeitkonten, temporajournal für moderne arbeitszeiten, p. 1; URL: http://www.arbeit.nrw.de/pdf/arbeit/tempora_mai_2006_arbeitszeitkonten.pdf

⁹⁴ Hans Böckler Stiftung (2007): Eltern schätzen verlässliche Arbeitszeit, Böcklerimpuls Nr. 17; URL: http://www.boeckler.de/pdf/impuls_2007_17_3.pdf

education centres) to promote lifelong learning, but a nationwide programme with specific training offers is missing up to date.

▪ ***Non-discrimination policies and inclusive work environments, including through awareness raising campaigns.***

(1) Even though the labour participation of women has increased in recent years, there is still a significant gender segregation and gender pay gap respectively. Since 1999, the labour participation of women has increased by 500,000 while at the same time the number of men in an employment that is subject to social insurance contribution has decreased by 600,000. As a result, there are now 'just' 2.3 million more male employees (with social insurance contribution) than female.⁹⁵ However, a consideration of labour time and volume of work puts the increased labour participation of women into perspective: In many cases, women are in a part-time or minor employment. As a result, more women than men receive basic security benefits for jobseekers in addition to their wages. In terms of the career choice, it can be observed that more and more women choose professions that are classically male professions. This is not true for all sectors to the same extent, but there are professions where the women already have caught up or even overtaken men. Despite these positive developments, many women still make their selections within a very limited range of occupations. Thus, initiatives like the annually "girls day" are very important. In the scope of the "girls day" young women have the opportunity to receive various insights particularly in those occupational fields rarely chosen by women. This initiative is supported by different companies and universities. An increased labour participation of women is also important for the economy, because it could reduce the future lack of professionals.⁹⁶

Women are still very rare in top management positions. To counter this problem, quota regulations have been discussed for quite some time. Thus one of the biggest companies listed on Germany's DAS share index, the "Deutsche Telekom", has implemented such a quota regulation: Until 2015, 30% of the middle and upper management shall be occupied by women. As described above, the Telekom reasons this step with the possibility to enlarge the pool of highly qualified employees.⁹⁷

In Germany, the biggest problem regarding the labour participation of women, however, remains to be the compatibility of family and working life. This problem is often reduced to the necessary improvement of childcare services. Some more measures are added, like the programme "Erfolgsfaktor Familie" ("success factor family"). The aim of this programme is to make working conditions more compatible with the family life. Also the new „parental allowance“ represents a step in this direction. In 2008, the Federal Government has envisaged a new programme to reintegrate women into the labour

⁹⁵ Bundesagentur für Arbeit (2010): Sozialversicherungspflichtig Beschäftigte nach Nationalitäten und Geschlecht, URL: <http://www.pub.arbeitsagentur.de/hst/services/statistik/detail/b.html?call=I> (15.04.2010).

⁹⁶ Kompetenzzentrum Technik-Diversity-Chancengleichheit e.V. (Ed.) (2010): Berufsimagen aus der Sicht von Girls'Day-Teilnehmerinnen – Ein Längsschnittvergleich zur Einschätzung technischer und sozialer Berufe durch Teilnehmerinnen des Girls'Day – Beiträge zur geschlechtersensiblen Berufsorientierung, Forschungsreihe Girls'Day, Bielefeld; p. 3 et seq., URL: http://www.girls-day.de/content/download/9001/75609/file/2_Berufsimagen_end.pdf (15.04.2010).

⁹⁷ Deutsche Telekom (2010): Deutsche Telekom führt als erstes Dax-30-Unternehmen Frauenquote für die Führung ein, online press release, 15.03.2010, URL: <http://www.telekom.com/dtag/cms/content/dt/de/829454> (15.04.2010).

market. This scheme was the topic of a peer review, held in Nuremberg in 2008.⁹⁸ The German policy framework primarily targets young women and men who are about to start or just have started a family. The parental allowance e.g. “is designed to give parents, especially young parents, more targeted assistance and foster long-term financial security.”⁹⁹ Nevertheless, there are some schemes targeting women over 40, who are thinking of returning to work after taking a family-related break. The programme “Perspektive Wiedereinstieg” (= “Prospective Reintegration”) of the Federal Ministry for Family Affairs is expected to “heighten employers’ awareness to the fact that, by employing such women, they gain experienced employees (both in terms of work and life) who are willing and able to work, and who are available to work for another twenty years or more because they have finished raising their families” and to “encourage men to actively support their wives and partners in their efforts to return to work.”¹⁰⁰

- (2) The situation for young people has improved within the recent years. According to the “Berufsbildungsbericht” (“Report on Vocational Education”) 2009 of the Federal Ministry of Education and Research (BMBF), between 1 October 2007 and 20 September 2008 616,259 articles of traineeship have been contracted. In comparison with the prior year, this is a minus of 9,626 contracts (- 1.5%), but the number of applicants who not have been placed is decreasing, from 49,487 in 2006, 32,660 in 2007 and 14,479 in 2008. At the same time, the number of vacant apprenticeship training positions has increased from 15,401 in 2006, 18,359 in 2007 to 19,507 in 2008. Therefore, in 2008 per every applicant who has not been placed 1.3 training positions were vacant. Obviously one reason for this development are demographic changes; because of the decreasing birth rate the pressure on the labour market is declining. Nevertheless, some federal states have decided to shorten the schooldays by one year and therefore in the one year two age groups will be on the market for apprenticeship positions.¹⁰¹ The segregation of educational opportunities will also lead to permanently unequal changes on the labour market. The Third National Report on Poverty and Wealth documents that 83% of all children of graduates begin studies at university. Within the group of children of non-graduates, the rate is barely 23%.¹⁰² It remains to be seen whether the SGB II is able to grant ‘losers in education’ an access to apprenticeship and (qualified) employment.
- (3) Up to now, there only a few schemes that target especially people with a migration background. Even though the German social reporting has identified migrants as a group threatened by social exclusion, the topic is not paid much attention. Most efforts are concentrated on the promotion of the language skills. This is indeed important for the integration chances of migrants and meanwhile there are the first nationwide initiatives. North Rhine-Westphalia e.g. has implemented an obligatory language test for children at 4 years age (“Delfin 4”). Children who show deficits are promoted in particular.¹⁰³ Among the qualification of adults the ESF-BAMF-programme has to be mentioned which is co-financed by the European Social Fund (ESF). The programme offers opportunities for

⁹⁸ Peer Review in Social Protection and Social Inclusion (2008): Getting Women Back into the Labour Market, Nuremberg, 17.-18.11.2008, URL: <http://www.peer-review-social-inclusion.eu/peer-reviews/2008/return-of-women-to-the-labour-market>

⁹⁹ Peer Review in Social Protection and Social Inclusion (2008): Getting Women Back into the Labour Market, Synthesis Report, p. 12.

¹⁰⁰ Peer Review in Social Protection and Social Inclusion (2008): Getting Women Back into the Labour Market, Synthesis Report, p. 13.

¹⁰¹ Bundesministerium für Bildung und Forschung (Ed.): Berufsbildungsbericht 2009, Berlin, p. 7 et seqq. Depending on the federal state, this process takes up to six years from now.

¹⁰² Bundesministerium für Arbeit und Soziales (Ed.): Lebenslagen in Deutschland. Der Dritte Armuts- und Reichtumsbericht der Bundesregierung, Berlin 2008, p. 69.

¹⁰³ <http://www.schulministerium.nrw.de/BP/Presse/Konferenzen14LP/2007/Sprachstand/Fried/index.html>

further vocational training for people with a migration background and aims to promote the integration of migrants into the labour market. The spectrum includes linguistic and subject-specific offers.¹⁰⁴ Another example is the nationwide “Aktion zusammen wachsen” (“campaign growing together”) that supports mentoring and sponsorship projects, which promote children and youths individually. The programme of the Federal Commissioner for Migration, Refugees and Integration is supported by several companies and aims to back up the work of the projects by networking them. The sponsorship projects have the objective to assist migrant children with their school career and with their transition in vocational training and employment. Voluntary godfathers support children and youths with a migration background to acquire the German language and give advice in everyday life.¹⁰⁵ Nevertheless, such measures of active approach are quite rare in Germany, very often people with a migration background are not supported until they are already socially excluded.

A specific problem of migrants who finished their school outside a European country, is the recognition of graduations. Because qualified employees therefore often have no chance to find an adequate work, the Federal Agency of Migration and Refugees aims to improve the recognition and subsequent qualification of people with a migration background.¹⁰⁶ Also the initiative “Charta der Vielfalt” (“Charta of diversity”) seeks to strengthen a work environment without exclusion. Up to now more than 600 companies have joined the Charta.¹⁰⁷

▪ **The role of social partners.**

The bargaining partners not only negotiate the labour agreements and therewith the conditions of employment (wages, labour time, safety at work etc.), but also contribute to the social policy debate. They represent the interests of their members towards the policy makers and influence the shaping of public opinion and the decision-making process by making concepts and preparing information. In addition, they counsel the policy makers directly and are engaged in lobbying activity. Regarding minimum wages, the Confederation of German Trade Unions (DGB) argues that it is necessary to extend the existing law on the posting of workers to all branches and thereby implementing a nationwide agreement on minimum wages.¹⁰⁸ Besides that, the DGB aims to improve the compatibility of family and working life. By offering information and schooling to staff and workers’ councils the DGB project “Vereinbarkeit von Familie und Beruf gestalten!” (“design the compatibility of family and working live”) wants to place the topic on the agenda within the companies.¹⁰⁹ The creation of additional training places is another issue for the DGB. In cooperation with the Confederation of German Employers (BDA), the DGB has summoned all companies to train more

¹⁰⁴ Bundesamt für Migration und Flüchtlinge (2010): Das Integrationsportal – ESF-BAMF-Programm, URL: http://www.integration-in-deutschland.de/nn_284062/SubSites/Integration/DE/01_Ueberblick/ESF-BAMF-Programm/ESF-BAMF-Programm-node.html?_nnn=true (16.04.2010).

¹⁰⁵ <http://www.aktion-zusammen-wachsen.de/index.php?id=19>

¹⁰⁶ Bundesamt für Migration und Flüchtlinge (2010): Das Integrationsportal – Beruf und Arbeitsmarkt, URL: http://www.integration-in-deutschland.de/nn_282926/SubSites/Integration/DE/03_Akteure/Programm/Arbeitsmarkt/arbeitsmarkt-node.html?_nnn=true (16.04.2010).

¹⁰⁷ Jablonski, Hans W. (2010): Charta der Vielfalt – Unternehmen bekennen sich zu Vielfalt, Fairness und Wertschätzung, URL: <http://www.charta-der-vielfalt.de/> (16.04.2010).

¹⁰⁸ Deutsche Gewerkschaftsbund (DGB) (2010): Mindestlöhne in Deutschland, URL: https://www.dgb.de/themen/++co++1447743c-3664-11df-5e49-00188b4dc422/@_@index.html (16.04.2010).

¹⁰⁹ Deutsche Gewerkschaftsbund (DGB) (2010): Vereinbarkeit von Familie und Beruf gestalten, URL: <http://www.familie.dgb.de/homepage/homepage.html/> (16.04.2010).

apprentices.¹¹⁰ The BDA also focuses on the field of education and vocational training. Several BDA projects (e.g. the initiative “SchuleWirtschaft” – “SchoolEconomy”) support the cooperation between schools and economy and aim a practical “economic education” in the schools. According to the chairperson of the Federal Working Group “SchuleWirtschaft”, the project is also a good possibility to promote the integration of migrants.¹¹¹ Another example on state-level is the project “Beschäftigungsbrücke Bayern” (“employment bridge Bavaria”) that wants to promote employment and training places also, especially in times of economic crisis.¹¹²

▪ **Other forms of in-work support, including health and safety.**

In Germany, all employees including trainees need to be covered by means of the statutory pension insurance. Its responsibility is not limited to pay the pensions but also covers measures aiming at people’s participation in the labour market. This includes measures for medical rehabilitation and participation in working life, as well as additional services to ease or overcome the effects of illness on the fitness for work (Social Code, Book VI, § 9 et seqq.), particularly by offering treatments at health resorts. According to preliminary estimates, around 5.6 billion Euros have been paid for such services in 2009.¹¹³

▪ **Social security rights (e.g. sick/ holiday leaves).**

In Germany, no specific programmes or organisations exist that are exclusively responsible for the support of employees. Most likely the trade unions, the health insurances, and company organisations are competent. Nevertheless, the employers are legally obligated to provide a reintegration management (§ 84 subs. 2 Social Code, Book IX). This will make it easier for employees to retain their jobs after a longer period of work incapacity. In cooperation with the health insurances, trade unions, and the employer's liability insurance association, the work group RKW has created an internet portal targeting employers and employees and which provides a lot of information regarding health protection.¹¹⁴ The industrial safety act (ArbSchG) obligates certain companies to employ specialists on occupational safety as well as company medical officers, which are responsible to implement the act. For the different branches, the employer's liability insurance associations release specific safety instructions. The competent authorities observe those provisions.¹¹⁵

¹¹⁰ Deutsche Gewerkschaftsbund (DGB) (2010): BDA und DGB fordern mehr Ausbildungsplätze, URL: http://www.dgb.de/themen/++co++519e0a84-415a-11df-4ab3-00188b4dc422/@@index.html?tab=Alle&display_page=2 (16.04.2010).

¹¹¹ Bundesvereinigung der deutschen Arbeitgeberverbände (BDA) (2008): Politik und Wirtschaft geben Jugendlichen mit Migrationshintergrund bessere Berufsorientierung, Presseerklärung des BDA, URL: [http://www.arbeitgeber.de/www/arbeitgeber.nsf/res/PI10308.pdf/\\$file/PI10308.pdf](http://www.arbeitgeber.de/www/arbeitgeber.nsf/res/PI10308.pdf/$file/PI10308.pdf) (16.04.2010).

¹¹² SchuleWirtschaft (2010): Wir über uns, URL: <http://www.schulewirtschaft.de/> (16.04.2010).

¹¹³ Bundesregierung: Sozialbericht 2009, p. 265

¹¹⁴ RKW Kompetenzzentrum (2010): Betriebliches Eingliederungsmanagement, URL: <http://www.betriebliche-eingliederung.de/go/id/b/> (16.04.2010)

¹¹⁵ Arbeitssicherheitsgesetz (ArbSchG), URL: <http://www.gesetze-im-internet.de/asig/index.html> (16.04.2010).