

BOSTON COLLEGE

CENTER FOR WORK & FAMILY

EXECUTIVE BRIEFING SERIES

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Work-Life in Germany

Germany is one of the largest economies in the world, having rebounded quickly from the global recession, and organizations working in Germany or in cooperation with German companies are seeking to find ways to better understand the factors that may affect the employer-employee value proposition. This briefing provides background information on the demographic, political, economic, social and cultural environments in Germany, as well as implications for organizations planning to implement work-life initiatives there.

Demographic, political, economic, social and cultural contexts in Germany

Socioeconomic Indicators in Germany (July 2011)	
Population	81,471,834
Infant Mortality	3.54/1,000 births
Fertility Rate	1.41 children born/woman
Life Expectancy	80.07
GDP Growth Rate	3.6%
GDP Per Capita	\$35,900
Unemployment	7.4%
Literacy Rate	99%
Source: CIA World Factbook, Germany	

Germany lies in the heart of Europe. Comparable to the size of the US state of Montana (Central Intelligence Agency World Fact Book, 2010), it is surrounded by nine neighbors: Austria, Belgium, the Czech Republic, Denmark, France, Luxembourg, the Netherlands, Poland, and Switzerland (N.U., 2010). In the north, Germany, borders the North Sea and the Baltic Sea, and in the South it is bordered by the Alps. Some of the biggest rivers in Europe, for instance, the Rhine, the Danube, and the Elbe, flow through Germany (N.U., 2010).

Demographic Context

Germany has approximately 82 million inhabitants (2009; Bundesministerium fuer Arbeit und Soziales (BMAS), 2010), making it the “[...] European Union’s most populous nation [...]” (N.U., 2010). Its capital, Berlin, is the biggest city with roughly 3.4 million inhabitants (N.U., 2010). About 89 percent of the population lives in cities and suburbs. There are 81 cities with over 100,000 inhabitants (N.U., 2010).

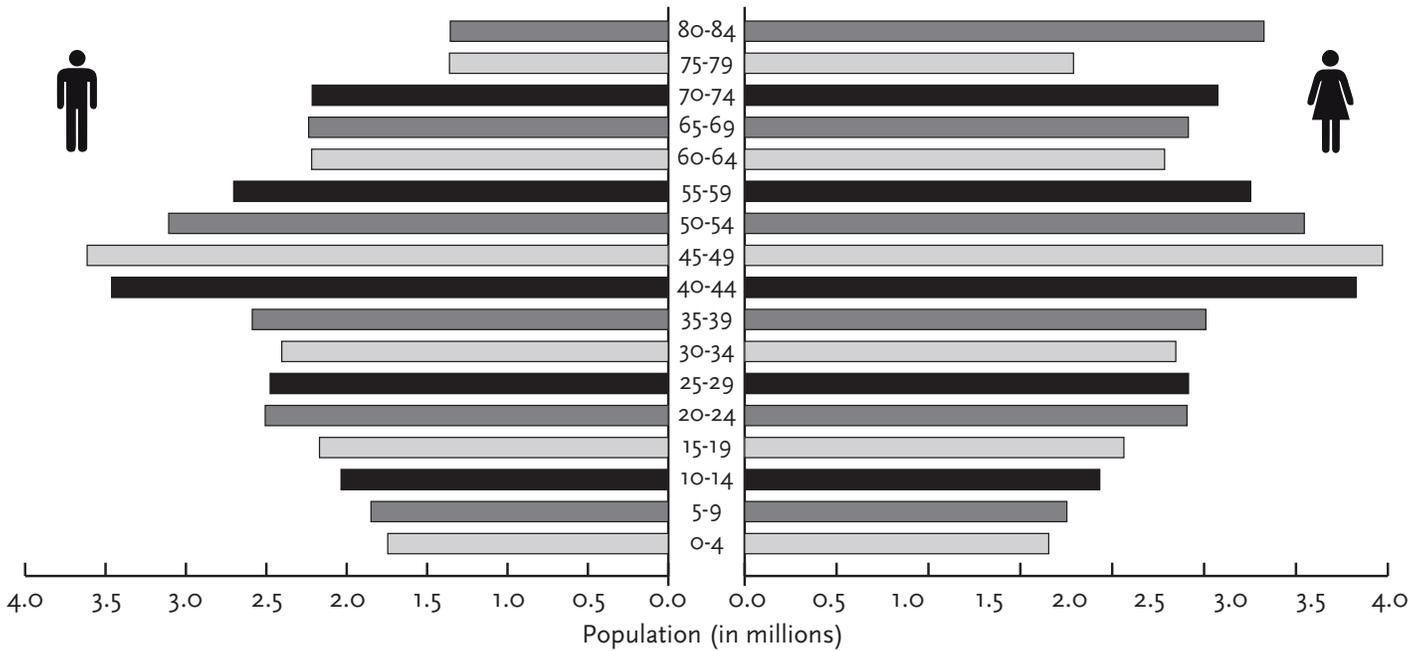
German society is quite heterogeneous. Almost 9% of the total population are immigrants (BMAS, 2010), with Turks making up the greatest proportion of all immigrants, at 24% (N.U., 2010). Based on inflow, the OECD ranks Germany the second most “important immigration country” after the United States (Liebig, 2007).

Approximately 63% of the total population is Christian, evenly representing the Roman Catholic and the Protestant faiths, approximately 5% are Muslim, and 28% are unaffiliated or represent other religions (N.U., 2010). Freedom of faith is guaranteed by the basic constitutional law.

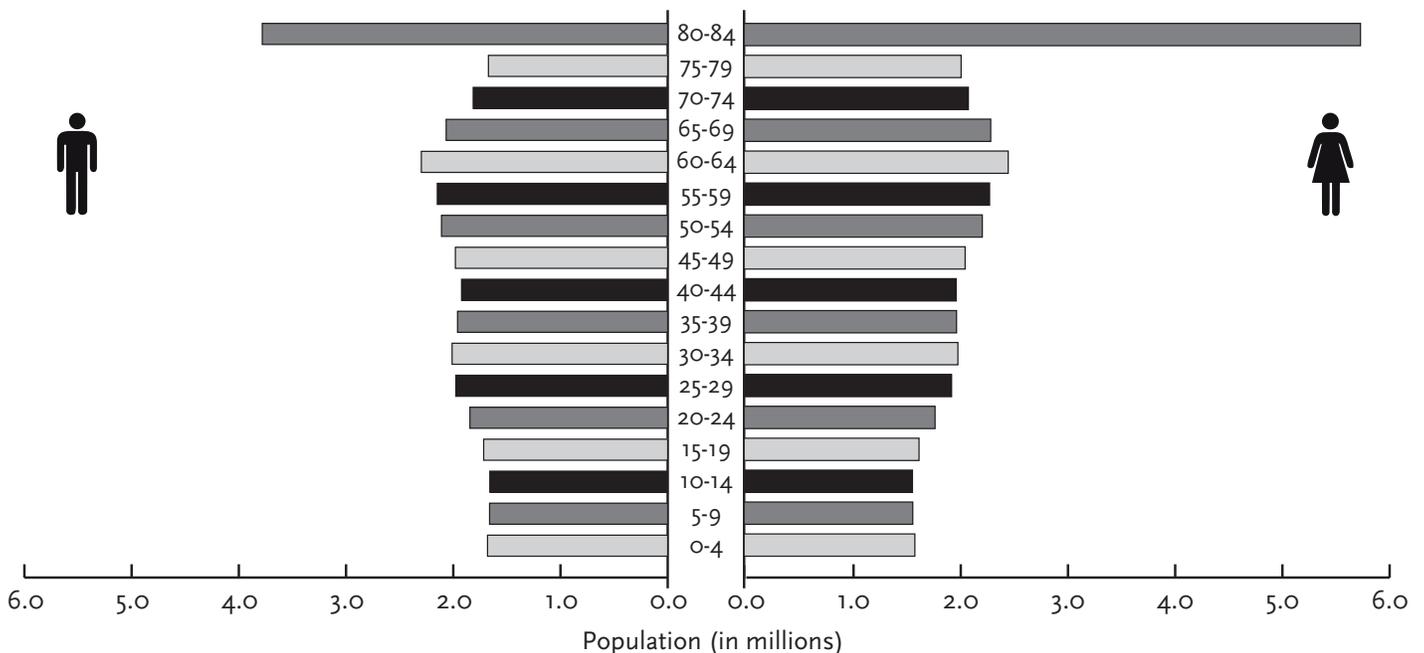
Similar to many states in the European Union, the population of Germany is aging. Low birthrates – about 1.41 children per woman (CIA World Factbook, 2011) – and

an increased life expectancy – for males it is currently 77 years, for females 82 years of age (N.U., 2010) – lead to an ageing society with the group of 65 years and older expected to make up 33% of the population in 2050 (cf. Germany Population Pyramid, 2010 and 2050). About 42 million people are female, and 40 million are male (BMAS, 2010). This will cause severe challenges in the future, as the social systems in Germany are based on cross-generational contracts.

Germany Population Pyramid: Age and sex distribution for the year 2010



Germany Population Pyramid: Predicted age and sex distribution for the year 2050



Source: U.S. Census Bureau, International Database.

Family is considered very important in Germany, although traditional gender roles continue to change (Bundesagentur für Arbeit, 2010a). About 65 percent of mothers participate in the labor force, and the number of dual income couples without children has increased (Bundesagentur für Arbeit, 2010a). This is evident in that over 40% of German women between ages 25-49 reside in childless households, which is well above the OECD average of 34%. Germany and the United Kingdom also share the record for highest average age at which women choose to have their first child, which, at 30, places them above all other OECD countries (OECD, 2011b).

Political Context

Germany has been a democratic parliamentary federal democracy since 1949 (N.U., 2010). It is divided into 16 federal states called *Bundesländer*, with six *Bundesländer* located in the former East-German territory and 10 in the former West-German territory. All *Bundesländer* have their own constitution, parliament and government (N.U., 2010). Therefore, Germany is also known as the Federal Republic of Germany.

Germany is considered a welfare state with “an all-embracing system of health, pension, accident, long-term care, and unemployment insurance” (Giehle, 2010). Approximately 27% of the GDP is channeled into public welfare spending (Giehle, 2010). Income taxes, ranging from 14 percent to 45 percent depending on income levels, also support the welfare state programs.

Germany is also known for providing free higher education. Of the approximately two million secondary students in Germany, 43% go on to pursue higher education (Winkler, 2010). Ninety percent of university students attend public institutions or universities (Winkler, 2010). The university system has undergone major changes recently, establishing Bachelor’s and Master’s degrees that follow international standards (Winkler, 2010). To manage some of the rising costs, some *Bundesländer* in Germany have recently introduced tuition fees of 500 Euros per semester starting with the first semester (Winkler, 2010).

Economic background

Germany is the largest economy in the European Union (EU), and the fourth largest worldwide (N.U., 2010). In addition, until 2009, Germany was the unofficial export world champion (Bundesministerium fuer Wirtschaft und Technologie (BMWi), 2010).

Germany is an industry-driven economy with many world-leading small to medium sized businesses, employing

about 25 million people (Bundesministerium fuer Familie, 2010a). The country’s main sectors are automobile manufacturing, engineering, high technology, and chemicals (N.U., 2010), with a strong focus on research. Germany is the leading European nation regarding the submissions for patent registrations (Winkler, 2010) and also has strong non-university based research at scientific institutes such as Helmholtz, Fraunhofer, Leibniz or Max-Planck (Winkler, 2010).

Germany has many urban areas, such as Cologne, Düsseldorf, Frankfurt, Hamburg, Munich and Stuttgart, which have strong economies. Leipzig and Dresden in East Germany have become prosperous economic sites, after organizations, such as Siemens, BMW, Porsche and Volkswagen established facilities in those areas following the reunification in 1990.

Regional Differences

Despite the growing prosperity of eastern Germany, there are still regional differences between East and West Germany. Whereas the West generally shows a low average unemployment rate of approximately 6.9 percent (2009), the East shows an unemployment rate of 13% (Bundesagentur für Arbeit, 2010a). This gap has historic reasons, as former West Germany, a parliamentary democracy and a social market economy, experienced an economic boom during the 1950s and 1960s (Winkler, 2010) which helped form the strong economy that we see today. The former East Germany, on the other hand, under its Marxist-Leninist-government (Winkler, 2010) experienced slower growth during the decades following World War II. Currently though, due to the positive development of the economy in Germany, the gap between the West and the East employment levels has diminished, as unemployment rates in October 2010 decreased to 10.7 percent for the East (Bundesagentur für Arbeit, 2010b).

Social and cultural environment

In Germany – as in many other industrialized countries - a new working generation, Generation Y, is emerging. They, like their cohorts in other countries, seek professional challenges and rapid advancement in addition to time and flexibility to balance work and life. Knowing that they will face a shortage of qualified workers in the future, organizations will need to compete for talent in this workforce. A recent study found that only about 50 percent of employees feel committed to their employer (Mercer, 2011), which indicates that companies have to think of ways of increasing employees’ organizational commitment and focus more strongly on creating a positive work-life culture.

Companies are also striving to find ways to improve women's integration and equality in the workforce. In Germany, it is the norm for mothers to leave the workforce when her children are young. However, more women are graduating from university and an increased percentage of women, especially mothers, are participating in the labor force. The proportion of women in senior management, however, remains very low (Kienbaum, 2011). Women make up only about 7.7 % of the board or supervisory board members, on average, in the 160 biggest German companies/DAX-160 (FidAR, 2011). Political pressure to support a requirement of women serving on Boards has increased, with most organizations preferring a more flexible approach than a rigid quota.

Work-Life

The following section contains information on current and future government policies and programs, as well as nongovernmental programs and company based initiatives, linked to foster work and family integration in industries throughout Germany.

Governmental Support & Regulations

Work hours

The general framework of working hours for blue and white-collar workers is first defined by law and then by labor agreements, which is negotiated between the employer and representatives of trade unions. A normal working day is not allowed to exceed 8 hours as averaged over 6 months. Work is generally allowed from Monday to Saturday (Bundesministerium der Justiz (BMJ) & juris GmbH, 1994). After work, employees must be guaranteed 11 hours of continuous rest (BMJ & juris GmbH, 1994). Exceptions for working hours and days do exist and are also regulated by law. For example, working on Sundays and holidays is allowed if a minimum of 15 working free Sundays are also guaranteed. This regulation is mainly limited to fire stations, restaurants, and medical centers that require continuous operation (BMJ & juris GmbH, 1994). Current average working hours per week are 37.4 hours in the Western part of Germany and 38.8 hours in the Eastern part of Germany (2009; Institut der deutschen Wirtschaft, 2010). As a whole, Germany has the third lowest total work time out of all OECD countries (OECD, 2011a).

Organizations with more than 15 employees must also, by law, guarantee part-time work to all employees who request it and have worked for at least six months at the organization (BMJ & juris GmbH, 1994). Generally, part-time work is more common among women, who request it to manage their dependent care responsibilities. It is

less common for men to request part-time work for family reasons (berufundfamilie. Eine Initiative der gemeinnuetzigen Hertie-Stiftung, 2010b).

Labor Unions

In Germany, especially in traditional industries, trade unions have always played an important role in advocating for acceptable payment, decent labor conditions and reasonable working hours and vacation. Most of the unions, including IG Metall and ver.di, the two largest trade unions, sit together under the roof of the Deutsche Gewerkschaftsbund (DGB), the German confederation of the trade unions. While IG Metall mainly focuses on employees in the metal, textile, and information/communication industry, ver.di is the trade union for employees in the service industry sector.

Retirement

Both German industry and government are concerned with the prospective talent shortage in the future and an overload of the social system due to the aging population in Germany. As a result, the German government has increased retirement age from 65 to 67 years of age. It will start stepwise in 2012 and will reach full effect in 2035. The goal is to keep more employees in the workforce as well as to decrease the burden on the social system, in which a decreasing number of younger citizens have to provide pension support to an increasing number of retired workers. Currently around 10 percent of the gross pay earned by an employee is transferred to the pension fund, and the same amount is also contributed to the fund by the employer.

Child care

In 2007, the government introduced the program called parent's money (*Elterngeld*). After the birth of a child, if either parent decides to leave work for a certain period of time, the state pays 67% of the monthly average net income, not to exceed 1,800 Euros per month (Bundesministerium fuer Familie, 2010c). Parents who were not working before they became parents receive the minimum amount of 300 Euros monthly added to the family income. Parent's money is granted for a maximum period of 14 months starting with the day of the birth. The period of 14 months can be divided between both parents, though one parent can only ask only for a maximum of 12 months. A single parent is eligible for the full 14 months (Bundesministerium fuer Familie, 2010c). Initial figures demonstrate that due to parent's money, 80 percent of parents take advantage of this offering to care for their children (Bundesministerium fuer Familie, 2010d). Gender differences are significant here, where between

January 2007 and June 2008, 87% of mothers sought to claim parental allowance for twelve months, while only 13% of fathers did the same. The majority of fathers in this time period (65%) took the allowance for two months (Böttcher and Krieger, 2008).

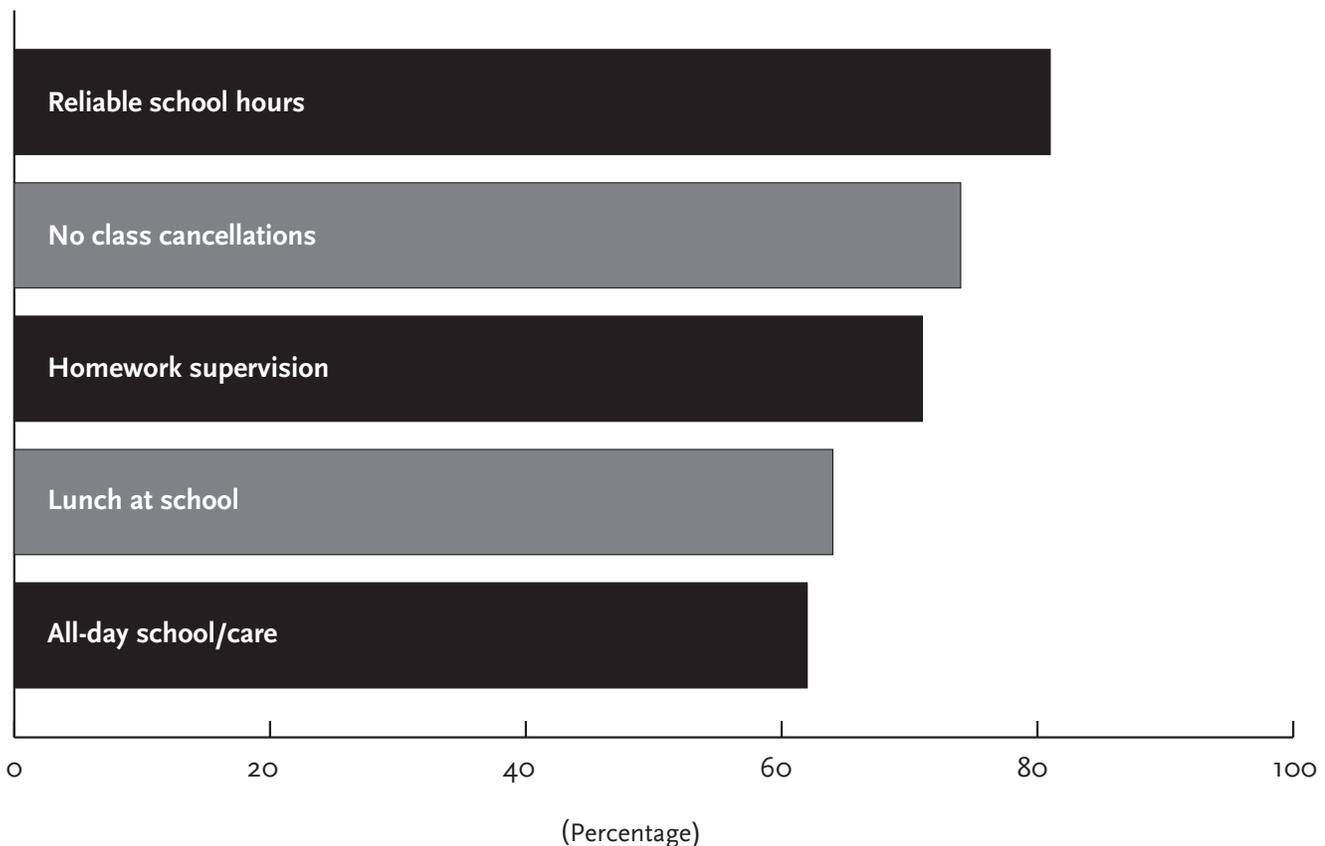
In addition to parent's money, all working parents have the right to ask for parental leave to raise and look after their children until they are three years of age (Bundesministerium fuer Familie, 2010c). During this period of time, parents are eligible to take a leave of absence from work with a guaranteed right to return to the same job or a comparable position within the company.

Child Allowance (*Kindergeld*) is granted independently from income. It is closely related to the number of children at home and is determined as follows: for the first and the second child, 184 Euros per child per month is allocated to the family to help support the child(ren); for the third child, 190 Euros per month is allocated, and for the fourth or more children, 215 Euros is provided to the family (Bundesministerium fuer Familie, 2010b). It is granted until the age of 18, or until the age of 25 years,

if the child is still following apprenticeships or attending higher education institutions (Bundesministerium fuer Familie, 2010b).

About 2/3 of mothers between the age of 18 and 30 years take advantage of child care services outside of their own home to care for their children at least part of the time. If additional day-care were available, 53 percent would also like to take advantage of a day-care spot (Bundesministerium fuer Familie, 2010d). Still, for most women, it is difficult to find day-care support (Bundesministerium fuer Familie, 2007). In the first year after a child is born, most parents, especially mothers stay at home. Parent's money gives them a certain amount of flexibility. In subsequent years, grand-parents are a valuable source of dependent care support (Bundesministerium fuer Familie, 2010d), especially if day-care spots are difficult to secure. Starting in 2013, every child over the age of one will be eligible, legally, to ask for a spot in a child care facility (Bundesministerium der Finanzen (BMB), 2010). As it is not expected that every child will need the spot, it is the goal to secure spots for 35% of children over the age of one in a child care facility (BMB, 2010).

Most important initiatives for working parents with school-aged children under 18



Source: (Bundesministerium fuer Familie, 2010d) based on IfD-Archiv Nr. 10036

Obstacles for working parents

The structure of the German school system serves as an obstacle for working parents, specifically, mothers, as they are expected to care for their children once classes end at lunchtime. As the table above demonstrates, reforming the school system so that it spans the full day, providing afterschool care, and lunches are all initiatives that would ease the burden for working parents. This is starting to change in Germany. In 2003 already a fifth of schools provided afternoon programs, and more are starting to follow (New York Times, 2010).

Long term care insurance

Long term care insurance is also part of the German welfare system. Benefits received depend mainly on the need of the individual. Three levels of care exist, the first for those who need considerable amounts of care, the second for those requiring intensive care, and the third reserved for individuals with highly intensive care needs. Each level corresponds with a higher provision of monetary support,

from 205 Euros per month in the first level to 665 Euros per month in the third level. Elderly Germans requiring high levels of care can use this financial support to finance formal care (from individual providers or a nursing home) or informal care from their family members. Roughly 80 per cent of all frail elderly people receive care from at least one family member, while other services are provided by humanitarian non-governmental organizations (Arntz, Sacchetto, Spermann, Steffes, & Widmaier, 2007).

Eldercare

It is possible for employees to step out of the job for half a year to provide elder care related services at home. Comparable to the parental leave, an elder care leave is planned for the future. The idea is that employees can reduce their working hours to 50 percent for a maximum of two years and receive 75 percent of their wages. Subsequent to the time off they have to work full-time and receive 75 percent of their wages, until their work account is balanced (berufundfamilie. Eine Initiative der gemeinnuetzigen Hertie-

Corporate Best Practices

In the last few years, companies have increased their offerings of family-friendly initiatives because they have become more important to attract and retain potential employees. Initiatives linked to workplace flexibility, especially flexitime and flexible work weeks, education programs and tele-work for employees returning from parental leave have become widely accepted and common initiatives in organizations (Bundesministerium fuer Familie, 2006). The 30 biggest companies in Germany (German stock index Dax 30) all have adopted work-life balance initiatives that are designed to attract and retain high potentials and to increase employee motivation.

A.T. Kearney

A.T. Kearney offers part-time and job sharing possibilities as well as sabbaticals and leave of absence (Rustemeyer & Buchmann, 2010). A.T. Kearney offers an additional 20 days of unpaid vacation (vacation-plus) every year to their employees and concierge services that take some of the home responsibilities off their consultants to help achieve a decrease in time-based conflict (Rustemeyer & Buchmann, 2010).

Bayer

Bayer offers workplace flexibility, such as a flexible start and end to daily work, as well as annual work time accounts. Part-time employment and teleworking are also

possible. About 14 percent of their workforce already uses some form of part-time employment. Bayer offers on-site child care facilities in Leverkusen, Germany, with 250 places for children between the age of two to 14 (Bayer, 2010).

BASF

BASF offers 60 day care spots at BASF day care sites, and also back-up care if the child care arrangement of one of their employees was cancelled at short notice. BASF also continues to contribute to employees' pension provision during any short or long-term leave for child care or eldercare. Employees receive parenthood or caregiver counseling and support for elder care / nursing care as well as the possibility of two years of unpaid leave for care time (BASF, 2012).

Deutsche Bank

In order to attract and retain their high potentials, **Deutsche Bank** offers their employees job-sharing and part-time work (Deutsche Bank, 2010). Also, in addition to the leave provided to all employees in the country, Deutsche Bank provides an additional half a year of parental leave. Deutsche Bank also offers sabbaticals or leaves for other reasons.

Deutsche Lufthansa AG

Deutsche Lufthansa AG, recognizing the importance of work-life balance, offers a range of working time models that allow employees to best combine their

Stiftung, 2010b). The legislation allowing for family care time (Familienpflegezeit) was passed in late 2011, and is in effect as of January 1, 2012 (Bundesministerium für Familie, Senioren, Frauen und Jugend, 2010).

Nongovernmental programs and company initiatives

Nongovernmental programs

Since the late 1990s, the non-profit Hertie Foundation has offered a berufundfamilie (work & family) audit certificate, publicly certifying organizations which offer and strive to improve a supportive work and family environment. This audit is recommended by the leading German trade associations and is under the patronage of the Federal Minister of Family and the Federal Minister of Economics. The berufundfamilie audit is a strategic management tool that offers tailored and strategic solutions for organizations to improve the work environment for working families (berufundfamilie. Eine Initiative der gemeinnuetzigen

Hertie-Stiftung, 2010a). It reviews existing activities and identifies organizational potential for further development (berufundfamilie. Eine Initiative der gemeinnuetzigen Hertie-Stiftung, 2010a).

The auditing process has a number of different steps. First, organizations are awarded a preliminary certificate demonstrating their commitment to working toward specific organizational work and family goals. The organization, in consultation and with support from the Hertie Foundation, has three years to develop the steps they will take to improve their work and family programs and policies and implement them. The Hertie Foundation has numerous best practice examples in any of 8 organizational areas related to improving the work family integration of employees and the work-family culture of the organization. After three years, the organization is re-audited. If the organization achieves all of the targets that they set out to achieve, the certificate is approved and the organization is allowed to hold a quality seal for three years.

professional responsibilities with their personal interests. A program called Lufthansa Family Time offers their employees the possibility of vacation time off for child or elder care reasons (Lufthansa, 2010). Lufthansa also knows that healthy employees are happier and more productive employees. They offer a wide range of health programs or up to 62 different sports clubs in which employees can participate (Ruehl, 2010).

Discovery Communications Deutschland

Discovery Communications Deutschland has 13% of their employee population working part-time, including job shares. Employees also have access to flextime schedules varying their start and end times around core hours of 10-4. Discovery Communications also provides sabbaticals, unpaid leave, and flexible re-integration schedules to employees with various dependent care responsibilities. The company has a positive approach to requests for flexibility—creative and supportive solutions are found so that most requests are approved.

PricewaterhouseCoopers

PricewaterhouseCoopers Germany offers workplace flexibility to their employees (Riester & Dern, 2010). Their work environment is based on a yearly work account of 40 hours per week. If more hours are billed at the end of the year, the employee receives additional financial compensation. If fewer hours on the account

are billed, the negative balance is transferred to the next year and can then be balanced by the employee.

Siemens

Siemens supports their employees securing child care placements, providing more than 500 spots close to their workplace that range “[...]from nursery school to mixed-age facilities for children from birth to twelve, from cooperative facilities with municipalities or other companies to parent initiatives founded by Siemens employees” (Siemens, 2012). The goal is to increase the spots to 800 by the end of 2011. Also offered at Siemens are re-entry programs after the birth of a child and “stay-connected” programs during maternity leave. Concerning elder care, Siemens offers its employees information, advice or specific care arrangements (Siemens, 2012).

Volkswagen

Volkswagen also follows a comparable approach with different part-time and shift models for their employees at production sites as well as in the services sector (Volkswagen, 2012). At some factories, special child care facilities are available that foster the re-entry to work after the birth of a child (Volkswagen). Additionally, employees are eligible for five year sabbaticals, and the company guarantees that they will be able to return to their same occupational group after that period (Volkswagen AG, 2006).

SUMMARY AND CONCLUSION

The German government and industry understand the importance of balancing work and life by offering a wide range of state and organizationally based initiatives. Due to decreasing birth rates and the expected demographic shifts that will lead to a shortage of skilled labor in the future, and the increasing importance of combining work and life for growing a proportion of dual career families, there have been some noticeable changes in work-based policies. For instance, increasing the retirement age to help secure the welfare system at the same time as providing parent's money, parental leave or increasing day-care spots appear to be efforts readily accepted by the population of Germany.

However, there are areas where the compatibility of work and family in Germany leave room for additional improvements. Even though the government and organizations have invested in initiatives for parents with newborn children, there remain challenges. For example, parents with school-age children under the age of 18 still face problems such as reliable school hours, homework supervision, or lack of all-day schools that hinder full-time employment. Also the range of resources to support elder care leaves room for enhancement. The idea of introducing an elder care leave seems to be a step into the right direction.

Furthermore, attention has to be paid to how small to medium sized companies can provide comparable work-life programs as the larger enterprises, since they play an important role in the German economy (Dowideit, Ettl, & Grabitz, November 20th, 2010).

Nevertheless, it seems that the success of combining work and life depends heavily on the organizational culture, combining career and family still appears to serve as a marketing tool to attract high potentials rather than a fulfilled promise (Dowideit et al., November 20th, 2010). Lack of acceptance of work-life issues are often seen in missing support of supervisors that sometimes still follow a traditional family approach or make evaluations of their employees based on face-time. Even though more than 65 percent of mothers are in the labor force (Bundesagentur für Arbeit, 2010a), it is still difficult for them to combine their careers and family, evident in the fact that they are underrepresented in positions of power (Dowideit et al., November 20th, 2010). Male employees face similar problems if they want to work part-time in order to take care of their children or ask for parental leave. Already Wallace and Young (2008) have stated that: "For family-friendly firms to be successful in promoting employees' work-family balance they need to have a supportive work-family culture." (Wallace & Young, 2008, p. 113, and for comparable thoughts, see also Harrington & Ladge, 2009, Lyness & Kropf, 2005, Thomas & Ganster, 1995).

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About this Series

Written for an executive level audience, the Boston College Center for Work & Family Executive Briefing Series addresses topical and strategic issues of particular relevance to the current business climate. The series highlights research findings, data trends and best practices in a concise format, aiming to foster action-oriented dialogue within organizations. Each issue features an accompanying PowerPoint presentation that captures key points and includes a section for practitioners to customize and add organization-specific data.

About the Center

Since its founding in 1990, The Boston College Center for Work & Family has been a national leader in helping organizations create effective workplaces that support and develop healthy and productive employees. The Center provides a bridge linking the academic community to the applied world of the work/life practitioner and has three main focus areas: research, membership, and education. The Center is committed to enhancing the quality of life of today's workforce by providing leadership for the integration of work and life, an essential for business and community success.

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