

## The International Corner

### Germany: Major Changes in the Provision of Work-Family Arrangements

by Caroline Straub, PhD, Humboldt University zu Berlin, Institute for Management

In the last five years, Germany has undergone major changes in the provision of work-family arrangements. Since the inauguration of a new government (a coalition between Social Democrats and Christian Democrats) and a new family minister, Ursula von der Leyen, in 2005, the topic of work-family balance has received a vast amount of attention. This increased attention has been triggered by concerns about the country's low fertility rate and demographic aging, the negative impact on economic growth, and the income-linked social security system. Germany has some of the lowest fertility and female employment rates among OECD countries. In fact, the estimated German fertility rate for 2009 is 1.41, which is far below the replacement rate of a population (2.12) (OECD 2009). (By comparison, the estimated fertility rate for 2009 in the USA is 2.05.) The female employment rate is 65% and the rate of women who work part-time is 45.4 % (Eurostat 2009).

One reason for the extremely low fertility and female employment rates is the fact that it is very hard to combine work and family in Germany. Post-war Germany was originally built on a conservative welfare state regime (Esping-Andersen, 1990) fostering the traditional family with a male breadwinner in permanent employment and an economically dependent wife taking care of the family. As a consequence, provision of public and private child care services were low and were kept rather as a private affair. According to a study of the Germany Institute of Youth Research in 2005, crèche facilities [child care centers] were only available for 3% of all children under three in West Germany, as compared to 37% in the Eastern parts of Germany. In addition, child care facilities in West Germany for children in primary school were also very rare (6 %).

Although family patterns in Germany and expectations of women and men towards work and family have been changing in the last decade, the contemporary German welfare state continued to promote the traditional division of paid and unpaid work. Until 2007, generous parental leave policies strongly promoted a temporary withdrawal of women from paid work around childrearing. Up until today, the German social security system, the tax system, and pension schemes have stimulated mothers' choices for nonemployment over part-time work and part-time work over full-time work. In addition, societal values and attitudes towards motherhood such as "a good mother stays at home at least until the child has reached school age" are still deeply rooted beliefs. Many German men and women (in particular in West Germany) believe that mothers with preschool children should stay at home, that child care harms children, and that children should be cared for by close relatives.

As a consequence, many German women either decide in favor of a professional career and remain childless or choose to have children and leave the labor market. According to the Federal Ministry of Family Affairs, Senior Citizen, Women and Youth, the time between childbirth and reentry of women into the labor market on

average is four years and eight months (2009). Not surprisingly, women that return to the labor market often experience slow promotion and do not return to an equivalent position to those they have held in the past.

In the last five years, the German federal government has taken on the issue of work-family balance and has raised its importance among public and private organizations. Since 2005 under the coalition between Social Democrats and Christian Democrats and family minister Ms. Von der Leyen, several new measures have been developed with the main goal of increasing fertility and female labor participation rates. Old laws regarding maternity leave and child care benefits were replaced by new laws and regulations favoring women's employment. In addition, several consulting services now help organizations implement family-friendly work environments. In her opening speech as re-elected family minister on November 11, 2009, Ms. Von der Leyen reassured us that Germany's effort to improve work and family life goes on.

### **New parental leave allowance similar to the Scandinavian model**

In January 2007, a new law on parental leave allowance passed the *Bundestag*. The current parental leave allowance is an income-linked parental leave benefit of 67% of the last net income of the person who takes up the leave. The maximum allowance is 1,800 Euros; the minimum allowance 300 Euros per month. The new parental leave benefit is paid for a maximum of 14 months: 12 months to one partner, and an extension of two additional months if the other partner takes two months of leave.

According to recent studies of the Federal Ministry of Family Affairs, Senior Citizen, Women and Youth (2008), the parental leave allowance has resulted in a rise in women's return into paid employment after one year. The new scheme has resulted in a twofold increase in parental benefit applications in the first quarter of 2007. In addition, it promoted fathers' participation in child care activities. The number of fathers on parental leave rose to 7%, with almost a third of them applying for 12 months' parental benefit rather than just the two "father months."

### **Child-care facilities for children aged zero to three years**

One of the major obstacles for women in Germany who seek to combine work and family after giving birth is the lack of adequate childcare facilities, especially for children under three. In order to encourage German women to reenter the labor force after parental leave (see above), there was an increase in the number of private and publicly funded day care facilities for infants to three years olds. According to the Federal Ministry of Family Affairs, Senior Citizen, Women and Youth, in 2009 15% more children under age 3 obtained a place in childcare facilities as compared to 2008. In addition, the amount of public spending on child care facilities tripled from 2008 to 2009. By 2013, the German government anticipates that childcare facilities will have been created for 35% of children aged zero to three years old.

### **Child benefits**

Germany has always had an allowance for child benefits. Nevertheless, on November 9, 2009, a new law was released that increases child benefits by 20 Euros per child. Child benefits are paid independently of the

family's income and as of January 2010 will add up to 184 Euros per month for the first and second children, 190 Euros for the third child, and up to 215 Euros for the fourth and any additional children. Depending on a child's educational stage, child benefits can be paid up to age 25. In addition, as of January 2009, 20% of labor costs for activities related to household employment, services, maintenance, and home care may be deducted from someone's personal tax liability.

According to the OECD (2008) Germany is now among the countries with the highest expenditures on family and children, and German family legislation is far more extensive than that of many other countries. Due to the short time span between the enactment of new laws and today, data on the consequences of governmental and organizational efforts is still rare. Only the future will show whether efforts have been successful in creating a work-family friendly German society.

The Sloan Work and Family Research Network appreciates the extensive support we have received from the Alfred P. Sloan Foundation and the Boston College community.

E-mail: [wfnetwork@bc.edu](mailto:wfnetwork@bc.edu) - Phone: 617-552-1708 - Fax: 617-552-9202



[www.bc.edu](http://www.bc.edu)

*The Sloan Work and Family Research Network is funded by the Alfred P. Sloan Foundation*