

WORKING PAPER

GERMANY: PRECARIOUS EMPLOYMENT AND THE RISE OF MINI-JOBS

Claudia Weinkopf

There is no generally accepted definition in Germany of ‘precarious employment’. The term (*prekäre Beschäftigung*) is not used often (Bäcker 2007; Buntenbach 2007).

‘Atypical employment’ is more common, though definitions of this term vary as well. Generally speaking, part-time work (including the peculiarly German ‘mini-jobs’ with monthly gross earnings of up to €400), temporary agency work and fixed-term contracts are regarded as atypical employment forms, since they differ from the norm of standard (full-time) employment¹ in various aspects. Sometimes, particular forms of self-employment (especially in low-skill and low-paid areas) are also considered as atypical work. We leave them out here because the distinction between precarious and other forms of self-employment is particularly difficult to draw.

As we see it, precarious work includes not only the different types of atypical work but also low-paid work in general – regardless of whether or not it is related to one of the forms of atypical work. According to the OECD definition, low wages are those below two thirds of national median wage on a monthly (as regards full-time work) or hourly basis (applicable to all types of employment relations). Germany was long noted for its well-balanced income structure, but since the mid-1990s low-wage work has been rising substantially (+43 per cent), reaching a proportion of 22.2 per cent of all employees in 2006 (Kalina and Weinkopf 2008). The precarious character of low-paid work is mainly

related to the fact that it typically does not provide a living wage. Moreover, the opportunities of upward mobility to better paid work in Germany tend to be low in terms of cross-country comparisons and have been decreasing in recent years (European Commission 2004).² From a gender perspective, it is notable that Germany has one of the most pronounced gender pay gaps across Europe (OECD 2007). Although this affects all wage levels, the particularly high incidence of low pay among women is important. More than 68 per cent of the low-wage earners in Germany are women, and almost one in three female employees has an hourly wage below the low-wage threshold (Weinkopf 2008).

Similar to low-wage employment, the volume of atypical employment relationships in Germany has been increasing in recent years and women are particularly affected. Table 11.1 provides a first brief overview of the main features, including the incidence of low pay, that distinguish precarious from standard (full-time) employment in Germany.

Table 11.1 Precarious employment forms in Germany

<i>Employment form</i>	<i>Main differences from standard (full-time) employment</i>	<i>Incidence of low-pay (hourly wages), 2006 (%)</i>
Regular part-time work (> €400 per month, insurable)	Lower working time and earnings	23.4
Mini-jobs (≤ €400 per month, not insurable)	Low earnings and working time and exclusion from the social security system	91.7
Temporary agency work	Triangular arrangement, typically low employment stability	71 (2003)
Fixed-term contracts	Temporary contract, no dismissal protection	51.9

Source: Author's compilation based on calculations with data of the German Socio-Economic Panel Study.

Table 11.1 indicates that the (potential) precariousness of atypical employment forms is not only related to features such as a lower stability or exclusion from the social security system but is also reinforced by a higher incidence of low hourly wages. Whereas only 14.3 per cent of full-time employees experience low pay, the proportion is much higher for these atypical employment forms.³

The degree of precariousness *within* these different forms of atypical employment varies. Furthermore, the different forms may overlap; for example, a mini-job may also be temporary. In the debates on poverty and low wages, there is some controversy as to whether the precarious character should be measured at the individual level or also (or even primarily) at the household level. As we see it, in the course of an analysis of precarious employment, it is reasonable to consider the individual level first because employment relations are an individual dimension. In a second stage of analysis, the household level may be included as an additional issue.

The chapter is organized in two main sections. First, the forms of precarious employment we have selected are described in more detail – their particularities, the regulations and other driving factors that shape them, their volume, the composition of the workforce and the distribution by industry. Particular attention is paid to the mini-job, as it can be regarded as a prominent form of precarious employment in Germany (predominantly for women) that is not found in the same form in many other countries. Second, the results are summarized.

PRECARIOUS EMPLOYMENT IN GERMANY

The main forms of atypical employment in Germany can be described and analyzed in terms of their (potential) degree of precariousness compared to standard employment relationships. The main aspects of deviation are low pay, short working hours, high labour turnover or low employment stability, and limited access to or even exclusion from the social security system. This last aspect is important (see also Jonsson and Nyberg, this volume). Here it is important to mention that the inclusion of working people in the German social security system (pension, health, long-term nursing care and unemployment insurance) is based on contributions related to gross monthly earnings and paid (in more or less equal shares) by both employees and employers. Total deductions for regular jobs are typically at about 42 per cent of gross earnings (below certain maximum thresholds).⁴ The benefits paid to the short-term unemployed from the unemployment insurance funds and to retired people from the public pension system are closely related to previous earnings, whereas the services provided by the health and nursing care insurance schemes are not. All employment relations (except self-employment and civil servants (*Beamte*)) with gross monthly earnings above €400 are subject to social security contributions (Bosch and Kalina 2008: 45ff). This also applies to temporary agency workers in Germany, who typically have – in contrast to several other countries – a regular employment contract with the agency (Storrie 2002).

Part-time employment

Part-time work in Germany appears in two different forms – ‘regular’ part-time work with monthly gross earnings of more than €400, which is included in the social security system, and non-insurable marginal part-time work with lower monthly earnings (‘mini-jobs’). Data from the Federal Employment Service (not including civil servants) for September 2007 suggest that the number of insurable part-time and mini-jobs held as main jobs was nearly identical (almost 5 million each), though this estimate does not take into account side jobs (Bundesagentur für Arbeit 2008b). As there are significant differences between these two forms they are analyzed separately in the following subsections. However, as several available statistics do not differentiate between regular part-time and mini-jobs, it seems reasonable to look first at the overall part-time rate.

All sources indicate that part-time rates in Germany have been increasing sharply over recent years. According to OECD data, the overall part-time rate in Germany in 2007 was 22.2 per cent, substantially above the EU19 average of 16.7 per cent and ranking as the second highest rate in the European Union behind the exceptional case of the Netherlands, which records 36.1 per cent (see Burri, this volume). The increase in Germany since 1994, 8.7 percentage points, has been the highest of all EU countries (OECD 2008: 352). The part-time rate among men has increased over recent years (by 4.9 percentage points since 1994), but the level remains relatively low (7.9 per cent). On the other hand, the rate has increased amongst women by 11.2 percentage points since 1994, and almost two in five employed women (39.2 per cent) are now working part-time (which is higher than the EU19 rate of 28.9 per cent) (OECD 2008: 351). The

overall increase of part-time work in Germany over recent years has been accompanied by a decrease in the average number of weekly working hours among part-timers (18 hours in 2006 compared to 20 hours for EU-27) (Eurostat 2007).

According to national data, the part-time rate is even higher. Whereas the OECD uses a weekly threshold of 30 hours to distinguish part-time work, German statistics use a threshold of 32 hours (for example, the Mikrozensus) or even more (measured as below the full-time standard, which varies by industry – typically between 35 and 42 hours).

The specific rates also vary according to different basic populations and sources.

Among employees (including civil servants), the part-time rate amounted to 27.4 per cent in 2006 (Statistisches Bundesamt 2007). Data provided by the Federal Employment Service (not including civil servants) show that in September 2007 the part-time rate in Germany was around 30 per cent (Bundesagentur für Arbeit 2008b). Both sets of statistics indicate that almost one in two female employees (48 per cent and 46.9 per cent respectively) is working part-time.

From a gender perspective it is also worth mentioning that an analysis with data from the European Labour Force Survey indicates that the growth in female part-timers between 1995 and 2005 (+1.183 million employees) significantly exceeded even the total female employment growth (+0.384 million employees) in that decade. This means, statistically, that during this period every additional job for women was a part-time job and, moreover, some 800,000 female full-time jobs were replaced by part-time jobs (Grimshaw *et al.* 2007: 7).

Regular part-time work

In several German definitions of atypical or precarious work, regular part-time work subject to social security contributions (with monthly gross earnings > €400) is not included at all, or only if it is involuntary. However, the distinction between voluntary and involuntary working-time reductions is far from clear. For instance, what about a mother working part-time because child care facilities are not available? Should her part-time employment be regarded as voluntary? A second argument concerns the diversity of part-time arrangements: A part-time job of a teacher with a weekly working time of 30 hours and relatively good pay is without any doubt less precarious than the part-time job of a cleaner working 20 hours per week with a much lower hourly wage. From our point of view, while not all part-time jobs can be characterized as precarious, it does not seem reasonable to exclude insurable part-time employment from all definitions of precarious work as a matter of principle.

This argument is further reinforced by the fact that a lower income due to a shorter working time brings with it lower entitlements to pension and unemployment benefits. German law, as in most EU countries, does not allow employers to discriminate against part-time (and fixed-term) employees in terms of hourly wages and other benefits or working conditions. However, non-discrimination is difficult to enforce in practice and in certain areas, such as career opportunities and access to training provided by the employer, discrimination might even be hard to identify.

Regular part-time employment has been increasing significantly in Germany over recent years. Insurable part-time work accounted for 4.8 million or 17.6 per cent of all insurable employment contracts in September 2007. Most of these contracts (83.7 per cent) are held by women (compared to only 36.7 per cent of full-time jobs) (Bundesagentur für Arbeit 2008b).

Regular part-time work is common in almost all industries but is most prevalent in certain service industries such as retailing, hotels and restaurants and in the public sector. The forces driving the increase in regular part-time work are frequently located primarily in employees' preferences – particularly women with children. However, it has to be considered that these 'preferences' are influenced by household and family tasks being the main responsibility of women. Particularly in western Germany, the share of employed women with children under 3 years in 2005 was still very low (30.6 per cent in 2005) and more than 68 per cent of them were part-timers (eastern Germany had 40.9 per cent employed – among them 55.1 per cent in full-time) (Statistisches Bundesamt 2006a: 10). The regional differences may be primarily due to the ongoing lack of all-day child care facilities and the predominance of half-day schools in western Germany. Moreover, public attitudes towards working mothers remain more critical in the western part of Germany and among men (Statistisches Bundesamt 2006b: 516ff).

However, it is not only employees' preferences or constraints that have driven the strong increase in regular part-time work over recent years but also employers' strategies. For example, in several service industries employers now prefer to have a high proportion of part-time employees because they provide more flexibility in coping

with fluctuations in demand and reducing costs (by lower staff levels). Lower wages may also play a role in the increase but the incidence of low hourly pay among regular part-timers is only slightly above the overall average.

From a gender perspective, insurable part-time work is less precarious than the mini-job, but it remains ambiguous in terms of its impact on the quantity and quality of female employment. While it might facilitate the reconciliation of work and family life and enable certain groups to enter (or to remain in) the labour market, it frequently goes hand-in-hand with less favourable employment conditions such as lower pay and reduced career opportunities. Moreover the higher part-time rate of women may hamper a more equally balanced distribution of household and family-related tasks between men and women.

Mini-jobs

Mini-jobs constitute a specific form of marginal part-time work in Germany that is particularly widespread. They have been substantially increasing in number over recent years and in total there were almost seven million mini-jobs in September 2007 (Bundesagentur für Arbeit 2008b). This particular employment form was introduced in the 1960s in order to attract housewives to take up marginal jobs and to solve the problem of labour shortages in several industries.⁵ Although the situation of the labour market has changed over the last few decades, the institution of marginal employment and its exclusion from the social security system has remained largely unchanged. The most important alteration took place in 2003 in the course of the so-called 'Hartz

reforms'.⁶ The monthly pay threshold for insurance purposes was increased substantially from €325 to €400 and the former limitation on the weekly working time (<15 hours) was abolished.⁷

Mini-jobs can be attractive to workers. Employees earning less than €400 per month are not covered by the general obligation to pay social insurance contributions and do not have to pay any income tax on their earnings either, whereas the average amount of total deductions for other employees is at about 35 per cent of the gross wages in Germany. Workers may also hold one mini-job as a side job without deductions in addition to their main employment, whether they are employees or self-employed. Mini-jobs as a side job amount to about 2.1 million jobs. Mini-jobbers' exemption from tax and social security contributions is a considerable subsidy for the low-wage sector, that is, for jobs that either are low paid or involve a small number of hours (or both), and is granted completely regardless of other earnings, assets or household income.

At first glance the attractiveness of mini-jobs is less obvious from the employers' perspective. They have to pay a flat rate contribution of 30 per cent (13 per cent for health insurance, 15 per cent for old-age pension and a 2 per cent flat rate tax) on top of the monthly wages for mini-jobs, which is notably higher compared to other insurable employment forms (around 21 per cent).⁸ In practice, however, employers frequently are successful in reducing the costs substantially. Although mini-jobbers, like all other German employees, are legally entitled to holiday and sick pay and other employment rights, in many cases they are paid only for the hours they work. Moreover, the extremely high rate of low pay among mini-jobbers (almost 92 per cent) suggests that in

many cases it is in fact employers rather than employees who benefit from the subsidy. They pay mini-jobbers lower rates, often in contravention of the relevant collective agreements (Kalina and Weinkopf 2006, 2007).

The precariousness of mini-jobs is related to several issues: the low level of (hourly and monthly) earnings, exclusion from the social security system and the widespread discrimination in terms of paid holidays, sick pay and other employment rights. Nevertheless, this type of employment is quite popular among certain groups of employees. The first reason for this popularity, as noted above, relates to the fact that earnings are paid without any deductions ('gross per net'). The second and more complex explanation is closely related to the fiscal and social insurance arrangements that underpin the old-fashioned German arrangements still supporting the single (male) breadwinner model – that is, the system of taxation based on income splitting and the derived entitlement to social protection of inactive spouses. Doing a mini-job does not reduce the splitting advantage, and the respective employees remain covered by the health insurance of their partners without any extra cost. The marginal deduction rates for an increase in working time and earnings above the mini-job threshold are accordingly extremely high. Depending on the family's marginal tax rate, they can easily be in excess of 100 per cent and thus can act as a very effective brake on any increase in the female labour supply. This is further reinforced by the ongoing lack, particularly in western Germany, of public childcare facilities and full-day schools.

Women account for the large majority of mini-jobbers. Almost two thirds (64.3 per cent) of all mini-jobbers are female (67.8 per cent among those solely working in a

mini-job and 56.2 per cent of the side jobbers). Male mini-jobbers are typically in the younger or older age groups and more likely to have a second job, whereas most women working in mini-jobs are middle-aged (often with children). Mini-jobs as a second job are attractive to employees because the exemption from income taxation means that they can avoid paying a higher rate of tax, which would not be the case if they worked overtime in their main jobs. Further groups involved in mini-jobs are high-school and university students and pensioners (> 65 years), who obtain their social protection in other ways. Another group, around 500,000 in total, is made up of long-term unemployed people on unemployment benefit II ('Hartz IV') who are entitled to work up to 15 hours per week without losing their unemployment benefits (although the marginal tax rate is relatively high). Notably, they are also obliged to take up a mini-job, if available, in order to reduce the amount of social benefits.

The strong rise in the numbers of mini-jobs over recent years, from 5.5 million in June 2003 to almost 7 million in September 2007 (Bundesagentur für Arbeit 2008b), cannot be explained solely by the preferences of certain groups of employees but must also take into account employers' strategies to increase the use of cheap and flexible mini-jobbers – particularly in the service sector. The prominent role of mini-jobs on the German labour market can be well illustrated by the number of mini-jobs per 100 insurable employees (part-time and full-time). As shown in Table 11.2, almost one in three jobs in the service sector is a mini-job, whereas the ratio is much lower in manufacturing. Mini-jobs are more widespread in western than in eastern Germany. The ratio is higher for women; for every 100 female insurable employees, there are 36.3 mini-jobbers (for men

the parallel number is 16.9). In certain industries, such as commercial cleaning and hospitality, the number of mini-jobs in fact even exceeds the number of insurable jobs.

Table 11.2 Number of mini-jobs per 100 insurable jobs, Germany, 2005

	<i>Mini-job as the main job (1)</i>	<i>Mini-job as a side job (2)</i>	<i>All mini-jobs (1+2)</i>
Western Germany	19.8	7.8	27.6
Eastern Germany	13.7	3.8	17.5
Women	27.5	8.8	36.3
Men	11.3	5.6	16.9
Service sector	31	14	45
Manufacturing	8	3	11
Private households	282	74	356
Commercial cleaning	92	44	136
Hospitality	85	36	121

Source: Bundesagentur für Arbeit 2007.

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

All in all, the forces driving the increase in mini-jobs are diverse, comprising a mixture of employees' interests, recent changes in regulation, and employers' strategies in order to increase flexibility and to reduce costs. Against this background, the opinions concerning the advantages and disadvantages of the special treatment granted to the mini-jobs are largely divided. Some people emphasize their contribution to more flexibility within the German labour market and their high popularity among employers and certain groups of employees. Moreover, it is frequently questioned whether mini-jobs are precarious at all, given that many of the employees are second earners within a

household. From a gender perspective, however, it can be argued that mini-jobs create strong incentives, particularly for married women, to enter into or remain in fragmented employment relationships and that as a result mini-jobs hinder progress towards more gender equality. These incentives are embedded in the male breadwinner based tax system, with income splitting. Last but not least, it has to be kept in mind that the precariousness of mini-jobs is reinforced by the very high proportion of low wages (both per hour and per month). Moreover in several female-dominated industries it has become rather difficult to get an insurable job at all.

Temporary agency work

The employment contracts of temporary agency workers ('temps') are basically no different from standard employment contracts in Germany, as temps are included in the social security system and are entitled to paid holidays and sick pay. They are also covered by statutory protection against unlawful dismissal. However, these equal rights are offset by the fact that employment contracts of temporary agency workers are traditionally very short-term. Almost 55 per cent of the contracts that ended in the first half of 2007 had lasted less than three months and more than 12 per cent had lasted only a week or less (Bundesagentur für Arbeit 2008a). Since workers in Germany are not covered by statutory dismissal protection until they have been employed for at least six months, a large proportion of temps are excluded. The turnover rate in the industry is more than 200 per cent per annum compared to an average of roughly 30 per cent in the German economy as a whole (Kvasnicka 2004: 7). This means that, in statistical terms, the employment stock is renewed more than twice a year.

The working conditions of temporary agency workers tend to be unfavourable compared to standard employment in Germany. They typically have lower pay rates (with a low pay incidence of 71 per cent in 2003), shorter job tenure, low union representation and reduced career prospects. Recent studies also indicate that temps have longer commutes to work, receive less training and experience work-related accidents more frequently (Vitols 2004: 379; Kvasnicka and Werwatz 2003: 723).

In recent years, temporary agency work has been the most dynamically increasing employment form in Germany. Between 2003 and 2007, the number of temporary agency workers more than doubled, from 327,000 to 730,000. From 1995 to 2008 the growth rate was more than 400 per cent. However, compared to part-timers and mini-jobbers, the proportion of temps remains quite low (about 2 per cent of all employees) (Bundesagentur für Arbeit 2008a).

The growth of temporary agency work in Germany in recent years has been driven not only by increasing demand from companies but also by substantial deregulation, starting in 2003. In international terms, the previous regulatory framework governing temporary agency work in Germany was regarded as relatively strict (Storrie 2002). To provide temps, agencies had to apply for authorization, which could be rescinded in the event of non-compliance with regulations. The agency was not permitted to synchronize the duration of an employment contract with that of a contract for the supply of a temporary agency worker. Temporary agency workers in effect had to be given a permanent employment contract. In order to prevent permanent workers being replaced

by temporary staff, the maximum period a temporary agency worker could work for any one firm was limited initially to three months (subsequently extended to up to two years).

In 2003, as part of the Hartz reforms, the regulations governing temporary agency work in Germany were substantially liberalised. The ban on the synchronization of contracts was lifted, as were the restrictions on the maximum period of engagement by any one company. Temporary agency workers can now be deployed in a firm without any time limit. In exchange, temporary agency workers were given a right to equal pay and equal treatment. However, the law contains a clause that these entitlements can be circumvented if a collective agreement for temporary agency workers is being applied. Accordingly, collective agreements have now become widespread, with more than 90 per cent of temps being paid according to one of the several collective agreements instead of equal pay. The collectively agreed wage levels are low, particularly at entry level, with some rates below 50 per cent of the national median wage (that is, substantially below the low pay threshold) or sometimes even lower. The lowest wage rates have been negotiated by the employer-friendly Christian Trade Union Federation (see Weinkopf 2006a for more details).

The composition of temporary agency workers and their distribution amongst occupations suggest that the use of a temporary agency has specific advantages for employers, due to significant differentials between the rates of pay for such workers and the collectively agreed industry-specific wages, especially in manufacturing. The composition of the temp workforce in Germany is distinct from that of the labour force

as a whole. In particular, the proportions of men, younger people, non-nationals, and lower educated and blue-collar workers are much higher among temps. Although the fundamental patterns in other countries are often similar (Storrie 2002), there are also several strong differences, especially with regard to the low proportion of women and service-sector occupations. The share of women among temp agency workers in Germany, around 26 per cent in mid-2007, is one of the lowest in Europe. This may be related to the fact that German service companies often use mini-jobs and outsourcing as functional alternatives to the use of temporary agency work.

The recent substantial increase in temporary agency work in Germany is clearly employer-driven. Temporary agency work continues to be perceived by most people as a 'second best' solution, to be accepted only when there is no alternative. Around 70 per cent of temps hope to find a permanent job through this means. Around 20 per cent use it as a stop-gap solution, while only 10 per cent say they prefer temp agency work as they do not want to be tied down (the 'life style' justification) (Wieland 2000).

Currently it is hotly debated whether the government went too far with its extensive deregulation of 2003. The low rates of pay (often distant from equal pay) and the possibility of long-term deployment create major incentives for employers to make increased use of temporary agency workers. As recent studies have shown, the rise of temporary agency work is mainly due to an intensified use of temps by large manufacturing companies (Bellmann and Kühl 2007). In those cases, the proportion of temps among the total workforce now frequently exceeds 10 per cent, and in several companies it reaches 30 per cent or even more (IG Metall NRW 2007). Another new

trend is for companies from different industries (notably even non-profit organizations in elderly care) to set up their own temp subsidiaries, in which the collectively agreed lower pay rates for temporary agencies can be applied in order to reduce labour costs (Deutscher Bundestag 2006).

Since May 2006, the German trade union federation (DGB) and two of the three main employers' associations have raised a demand for the implementation of generally binding collectively agreed minimum standards for the remuneration of temps (Weinkopf 2006b). The purpose is to halt the ongoing process of wage dumping in this industry (for example, by the lower pay rates in the collective agreements negotiated by the Christian Trade Union Federation) and to ensure that temporary agencies from the new EU Member States will have to adhere to minimum standards when entering the German market in the future. However, although the proposed minimum pay rates are quite low (gross hourly wages of €7.31 in western and €6.36 in eastern Germany), political opinion remains divided and whether the government will respond remains uncertain.⁹

Fixed-term contracts

The main distinction between fixed-term contracts and standard employment is the limited duration of temporary contracts, that is, the absence of regular dismissal protection. This leads to higher uncertainty and also to high pressure on employees to prove their competences and motivation in the hope of being given a permanent contract (Linne and Voswinkel 1989).

Eurostat (2007) data indicate that the proportion of fixed-term employees in Germany is comparatively high (14.5 per cent in 2006) and has increased since 1995 by 4 percentage points. Other statistics reveal lower levels of fixed-term contracts in Germany, primarily due to the fact that apprentices are excluded.¹⁰ In 2006, the total number of employees with fixed-term contracts (excluding apprentices) amounted to almost 3.4 million, corresponding to a proportion of 10.8 per cent among all employees (Statistisches Bundesamt 2007).¹¹ According to these data, the increase in fixed-term contracts in Germany has been relatively moderate between 1995 and 2006 (+3 percentage points, which, however, corresponds to a growth rate of about 38 per cent).

There are substantial differences in the intensity of use of fixed-term contracts by industry and size of firm. The incidence of such contracts is higher in large companies and in the public sector and, despite the non-discrimination rule in the German law on part-time and temporary work, there is some evidence that pay is frequently somewhat lower than for permanent employees (Giesecke and Groß 2006: 102f). According to recent calculations, the incidence of low pay among employees on fixed-term contracts rose from 25.2 per cent in 1995 to 51.9 per cent in 2006, which is more than twice as high as in the economy as a whole (22.2 per cent) (Kalina and Weinkopf 2007).

As regards the composition of the workforce on fixed-term contracts, younger people are faced by a sharp increase of temporary contracts and are now heavily over-represented among all temporary employees. In contrast to other forms of atypical and precarious work, the proportions of men and women in temporary contracts are

relatively evenly balanced – 45.6 per cent of all temporary employees are women, only slightly below their proportion among all employees (46.8 per cent). Thus the incidence of fixed-term contracts among women (10.5 per cent) is slightly below the incidence among men (11 per cent) (Statistisches Bundesamt 2007).

Factors driving the usage of fixed-term contracts are primarily employers' interests in increasing flexibility of staff levels and avoiding restrictions derived from the statutory protection against unlawful dismissal. Another motivation is the riskless extension of the probation period available to test potential regular employees.

SUMMARY AND CONCLUSIONS

All forms of atypical employment analyzed here have been increasing in Germany over recent years. Although the information available on numbers and rates varies to some extent by source and basic population, it shows that the number of employees affected by (potentially) precarious work forms in Germany is high. The incidence of low wages among employees in atypical work forms is substantially higher than among full-time (as a proxy for 'standard employment') workers (see Table 11.1).

Some of the salient facts on precarious employment are summarized in Table 11.3. It is not possible to calculate the total number of such precarious jobs by simply adding the number of employees affected by each type, since different forms of precarious work may exist alongside each other – for instance part-time or temporary agency work and fixed-term contracts. According to an estimate by Keller and Seifert (2007: 14) that

takes into account the overlaps but notably does not include low pay in general as a category of precariousness, more than one in three German employees in 2005 was affected by atypical employment. Among female workers the incidence was even higher at almost 54 per cent.

Table 11.3 Precarious employment forms: some salient facts, Germany

<i>Employment form</i>	<i>Incidence^a</i>		<i>Growth rate since 1995</i>		<i>Female share</i>	
	<i>Total</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	
Insurable part-time work	4.8 million (September 2007)	15	+33		84	
Mini-jobs (\leq €400 per month, not insurable) ^b	4.8 million (September 2007)	15	+33		68	
Temp agency work	730,000 (June 2007)	2	+400		27	
Fixed-term contracts ^c	3.4 million (2006)	11	+38		46	
Low pay	6.5 million (2006)	22	+43		68	

Source: Author's estimates based on references mentioned in the text.

Notes: a) The basic population used here includes all insurable employees plus the mini-jobbers (without side jobbers) – making up a total of 32.3 million employees in September 2007. Accordingly, the rate of insurable part-timers is lower than mentioned in the text; b) Only mini-jobbers in main job; c) Without apprentices.

Although the rise of temporary agency work has been spectacular in recent years, its volume remains comparatively low (around 2 per cent of total employment) whereas part-time employment (including mini-jobs) now accounts for roughly one third of total employment and almost half of all female employment in Germany.

As regards the main forces driving the overall increase in precarious employment, mini-jobs and temporary agency work have been affected by substantial changes in regulation

in recent years. However, the strategies adopted by employers with a view to increasing flexibility and reducing labour costs also play a prominent role. This is probably most evident for low-wage work, fixed-term contracts and temporary agency work.

According to available survey information, the large majority of employees still prefer permanent labour contracts and regular employment. As regards part-time employment, however, the increase is partly due to preferences (or constraints) of employees and changes in the composition of the workforce.

As noted above, the high part-time rates, particularly among German women, seem to stand out in terms of international comparison. The number and rate of women working part-time has been rising in recent years. This has accompanied an increase in female participation in the paid workforce, but it is noteworthy that that the female employment rate measured in full-time equivalents was slightly lower in 2005 than in 1993 (European Commission 2006). What in fact has taken place in recent years is a redistribution of paid work amongst women, rather than between women and men. Accordingly, the gendered division of unpaid work between men and women has remained more or less unchanged. These patterns are reinforced by the fact that the German welfare state still sticks largely to the (male) single breadwinner model and that the availability of full-time public childcare facilities remains low, particularly in western Germany.

The issue of mini-jobs is complex. Introduced in the 1960s, this particular form of marginal employment has shown a remarkable persistence despite several initiatives to abolish it in the last decades. The decision to increase the monthly pay threshold in the

course of the Hartz reforms in 2003 was justified by an expectation that the increase of mini-jobs would provide additional employment opportunities and contribute to a reduction of illicit service work. It is also frequently argued that employers need this option to increase flexibility and to reduce labour costs in the allegedly highly regulated German labour market. Following from the spirit of this argument, the widespread illegal discrimination of mini-jobbers as regards pay and other employment rights is tacitly accepted. Recent proposals for changes in the regulation of mini-jobs primarily focus on increasing the alleged low incentives of long-term unemployed to take up low-paid work (Sachverständigenrat 2006) – not on the precariousness of these jobs and the particular risks for the mainly female workforce.

All in all, precarious or atypical employment relations remain controversial in Germany, but gender-related issues typically do not play a prominent role. On the one hand, it is frequently argued that the German labour market needs the ‘flexibility’ provided by certain forms of atypical employment. Another argument refers to the assumption that atypical or low-paid employment may act as an entry gate to better employment for certain groups such as the unemployed and the low skilled – although recent studies found that the upward mobility in Germany is rather low compared to other countries and indeed has even decreased in the recent period (Rhein *et al.* 2005; Bosch and Kalina 2008). Last but not least, the precariousness of low pay and atypical employment is frequently questioned by pointing out that many of the respective employees are not affected by poverty or insecurity in the household context. From a gender perspective, however, it can be criticized that this view assumes and reinforces the economic dependency on a partner that primarily affects women.

On the other hand, the number of people who regard the increasing low-wage sector as a problem rather than a solution has been substantially growing over recent years.

Germany is still one of the few countries in Europe without a statutory minimum wage but support for introducing one has risen. Another issue under debate is the regulation of temporary agency work (for example, the limitation of assignment periods and the implementation of minimum standards or equal pay for the remuneration of temporary agency workers). The issue of a revision or even abolishment of mini-jobs is raised much less often.

It is difficult to forecast whether and how the German institutional framework of low-wage employment and precarious work will be revised and adopted in the future. As we see it, a generally binding floor for pay is urgently needed. From a gender perspective, this would also be an important step that might help to reduce the particularly pronounced gender pay gap in Germany. The same applies to a reduction of the incentives to fragment employment and replace regular jobs by atypical and often precarious work forms. Equal pay and equal treatment may be key issues in this regard, or even additional compensation for the particular risks of atypical work forms as exemplified by the extra pay premium for temporary agency workers and the funding of training courses by the industry in France (Vigneau 2001). In the case of mini-jobs, the elimination of obvious discrimination regarding pay and working conditions would not require any legal alterations but would only require an effective enforcement of applicable law. Such approaches need to be accompanied by a substantial modernization of the welfare state – taking into account that the focus on the single breadwinner model

fits neither with the current patterns of employment of many couples (who frequently combine a full-time and a part-time job) nor with the actual preferences of men and women, who favour a more balanced distribution of working time (Bielenski *et al.* 2002).

NOTES

REFERENCES

- Bäcker, G. (2007) 'Was heißt hier "geringfügig"? Minijobs als wachsendes Segment prekärer Beschäftigung', in B. Keller and H. Seifert (eds) *Atypische Beschäftigung – Flexibilisierung und soziale Risiken*, Berlin: Sigma.
- Bellmann, L. and Kühl, A. (2007) *Weitere Expansion der Leiharbeit? Eine Bestandsaufnahme auf Basis des IAB-Betriebspanels*, Abschlussbericht, Düsseldorf: Hans-Böckler-Stiftung.
- Bielenski, H., Bosch, G. and Wagner, A. (2002) *Working Time Preferences in Sixteen European Countries*, Dublin: European Foundation for the Improvement of Living and Working Conditions.
- Bosch, G. (2005) 'Das deutsche Beschäftigungsmodell zwischen Dekommodifizierung und Vermarktlichung', in I. Kurz-Scherf, L. Correll and S. Janczyk (eds) *In Arbeit: Zukunft: die Zukunft der Arbeit und der Arbeitsforschung liegt in ihrem Wandel*, Münster: Westfälisches Dampfboot.
- Bosch, G. and Kalina, T. (2008) 'Low-wage work in Germany: an overview', in G. Bosch and C. Weinkopf (eds) *Low-Wage Work in Germany*, New York: Russell Sage Foundation.
- Bosch, G. and Weinkopf, C. (eds) (2008) *Low-Wage Work in Germany*, New York: Russell Sage Foundation.
- Bundesagentur für Arbeit (2007) *Mini- und Midijobs in Deutschland*, Nürnberg: Bundesagentur für Arbeit.

-- (2008a) *Arbeitsmarkt in Zahlen – Beschäftigungsstatistik. Arbeitnehmerüberlassung*

1. Halbjahr 2007, Nürnberg: Bundesagentur für Arbeit.

-- (2008b) *Analyse des Arbeitsmarktes für Frauen und Männer*, Analytikreport der

Statistik, Nürnberg: Bundesagentur für Arbeit.

Buntenbach, A. (2007) *Prekäre Beschäftigung, Herausforderung für die*

Gewerkschaften. Anregungen und Vorschläge für die gewerkschaftliche

Diskussion, Düsseldorf: Deutscher Gewerkschaftsbund,

Deutscher Bundestag (2006) *Antwort der Bundesregierung auf die Kleine Anfrage der*

Abgeordneten Brigitte Pothmer, Irmingard Schewe-Gerigk und der Fraktion

BÜNDNIS 90/DIE GRÜNEN – Drucksache 16/1777 –

Arbeitnehmerüberlassungsgesetz – Wirkung der unbegrenzten Entleihdauer,

Drucksache 16/1926 vom 22 Juni 2006, Berlin: Deutscher Bundestag.

European Commission (2004) *Employment in Europe 2004*, Luxembourg: Office for

Official Publications of the European Communities.

-- (2006) *Employment in Europe 2006*, Luxembourg: Office for Official Publications of

the European Communities.

Eurostat (2007) *Labour Force Survey*, Online., Available HTTP:

<<http://epp.eurostat.ec.europa.eu>> (accessed 4 June 2008).

Giesecke, J and Groß, M. (2006) 'Flexibilisierung durch Befristung. Empirische

Analyse zu den Folgen befristeter Beschäftigung', in B. Keller and H. Seifert

(eds) *Atypische Beschäftigung – Flexibilisierung und soziale Risiken*, Berlin:

Sigma.

- Grimshaw, D., Hieming, B., Jaehrling, K., Kalina, T., Rubery, J., Shimron, N., Stupnytskyy, O. and Weinkopf, C. (2007) *Women in Low-Skill Work*, final report commissioned by European Parliament: Policy Department C – Citizens’ Rights and Constitutional Affairs, Women’s Rights and Gender Equality, June 2007, PE 378.298, Brussels: European Parliament.
- IG Metall NRW (2007) ‘IG Metall klagt gravierende Missstände in der Leiharbeit an – “Gleiche Arbeit – gleiches Geld” gefordert’, press release, 20 June 2007.
- Kalina, T. and Weinkopf, C. (2006) *Mindestens sechs Millionen Niedriglohnbeschäftigte in Deutschland: Welche Rolle spielen Teilzeitbeschäftigung und Minijobs?* IAT-Report 3/2006, Gelsenkirchen: Institut Arbeit und Technik.
- (2007) ‘Konzentriert sich die steigende Niedriglohnbeschäftigung in Deutschland auf atypisch Beschäftigte?’, paper for workshop ‘Atypische Beschäftigung und Niedrigeinkommen’, in Halle, 12–13 November 2007.
- (2008) *Weitere Zunahme der Niedriglohnbeschäftigung: 2006 bereits rund 6,5 Millionen Beschäftigte betroffen*, IAQ Report 2008-01, Gelsenkirchen: Institut Arbeit und Qualifikation.
- Keller, B. and Seifert, H. (2007) ‘Atypische Beschäftigungsverhältnisse’, in B. Keller and H. Seifert (eds) *Atypische Beschäftigung – Flexibilisierung und soziale Risiken*, Berlin: Sigma.
- Kvasnicka, M. (2004) *Inside the Black Box of Temporary Help Employment*, Berlin: Humboldt University.
- Kvasnicka, M. and Werwatz, A. (2003) ‘Arbeitsbedingungen und Perspektiven von Zeitarbeitern’, *DIW-Wochenbericht*, 46: 717–25.

- Linne, G. and Voswinkel, S. (1989) *‘Vielleicht ist ja noch alles offen’*: Eine empirische Untersuchung über befristete Arbeitsverhältnisse, Hamburg: VSA.
- OECD [Organisation for Economic Co-operation and Development] (2007) *Babies and Bosses – Reconciling Work and Family Life: a synthesis of findings for OECD countries*, Paris: OECD.
- (2008) *Employment Outlook 2008*, Paris: OECD.
- Rhein, T., Gartner, H. and Krug, G. (2005) *Niedriglohnsektor: Aufstiegschancen für Geringverdiener verschlechtert*, IAB-Kurzbericht Nr. 3, Nürnberg: Institut für Arbeitsmarkt und Berufsforschung.
- Sachverständigenrat (2006) *Widerstreitende Interessen – Ungenutzte Chancen*, Jahresgutachten des Sachverständigenrats 2006/2007, Wiesbaden: Sachverständigenrat.
- Statistisches Bundesamt (2006a) *Leben und Arbeiten in Deutschland, Sonderheft 2: Vereinbarkeit von Familie und Beruf*, Ergebnisse des Mikrozensus 2005, Wiesbaden: Statistisches Bundesamt.
- (2006b) *Zahlen und Fakten über die Bundesrepublik Deutschland, Teil II*, Wiesbaden: Statistisches Bundesamt.
- (2007) *Mikrozensus. Bevölkerung und Erwerbstätigkeit. Beruf, Ausbildung und Arbeitsbedingungen der Erwerbstätigen*, Band 2: Deutschland, Wiesbaden: Statistisches Bundesamt.
- Storrie, D. (2002) *Temporary Agency Work in the European Union*, Dublin: European Foundation for the Improvement of Living and Working Conditions.
- Vigneau, C. (2001) ‘Temporary agency work in France’, *Comparative Labor Law and Policy Journal*, 23(1): 45–66.

- Vitols, K. (2004) 'Reforming the German labour market: the case of temporary agency work', *Competition and Change*, 4: 375–89.
- Vosko, L.F. (2000) *Temporary Work: the gendered rise of a precarious employment relationship*, Toronto: University of Toronto Press.
- Wagner, A. (2000) 'Krise des "Normalarbeitsverhältnisses"? Über eine konfuse Debatte und ihre politische Instrumentalisierung', in C. Schäfer (ed.) *Geringere Löhne – mehr Beschäftigung? Niedriglohn-Politik*, Hamburg: VSA.
- Weinkopf, C. (2006a) 'A Changing Role of Temporary Agency Work in the German Employment Model?', *International Employment Relations Review*, 12(1): 77–94.
- (2006b) *Mindestbedingungen für die Zeitarbeitsbranche? Expertise im Auftrag des Interessenverbandes Deutscher Zeitarbeitsunternehmen (iGZ)*, Gelsenkirchen: Institut Arbeit und Technik.
- (2008) 'Niedrig- und Mindestlöhne – Eine Analyse aus der Gender-Perspektive', in F. Maier and A. Fiedler (eds) *Verfestigte Schief lagen. Ökonomische Analysen zum Geschlechterverhältnis*, Berlin: Sigma.
- Wieland, R. (2000) 'Arbeits- und Organisationsformen der Zukunft', in R. Wieland and K. Scherrer (eds) *Arbeitswelten von morgen*, Wiesbaden: Verlag für Sozialwissenschaften.

¹ The definition of full-time work as standard employment has been critically assessed from a gender perspective because this norm is largely related to typical male (breadwinner) employment whereas female employment relations have always been much more diverse (see for example Vosko 2000; Wagner 2000; Bosch 2005).

² For an in-depth analysis of the development, patterns and forces driving the increase of low-wage employment in Germany see Bosch and Weinkopf (2008). The volume is based on research carried out in the course of a European research network funded by the Russell Sage Foundation between mid-2004 and 2007.

³ This category cannot be taken as 'standard employment' because it includes full-time jobs that are temporary or provided by temporary work agencies.

⁴ One exception is employees with monthly earnings between €400.01 and €800, whose contributions are lower at between 4 and 21 per cent (although their employers have to pay the usual rate of about 21 per cent). These so-called "midi-jobs" were introduced in 2003 in order to close the gap between mini-jobs and the deductions for insurable jobs with higher earnings. But their number remains low.

⁵ This function was fulfilled by temp agency work in Canada – see Vosko (2000).

⁶ The “Hartz reforms” is the name given to the recommendations resulting from a commission on reforms to the German labour market in 2002. Named after its head, Peter Hartz, then Volkswagen's personnel director, the commission came up with 13 ‘innovation modules’ suggesting changes to the German labour market system. Several proposals went on to become part of the German government's Agenda 2010 series of reforms, known as Hartz I-Hartz IV, including the re-organization of the Federal Employment Service and the deregulation of mini-jobs and temporary agency work. Hartz IV brought together the former unemployment benefits for long-term unemployed (*Arbeitslosenhilfe*) and the welfare benefits (*Sozialhilfe*), leaving them both at approximately the lower level of what had previously been the *Sozialhilfe*.

⁷ Moreover, the obligation to pay taxes and social insurance contributions for mini-jobs as a second job, introduced in 1999, has been abolished.

⁸ This flat-rate employers’ contribution does not give marginal part-time employees any entitlement to social insurance benefits. It is intended primarily to ensure that companies do not give preference to mini-jobbers because of lower non-wage labour costs. For mini-jobbers in private households the rate is much lower (12 per cent) as an incentive to legalize illicit work.

⁹ After years of controversial negotiations, in June 2008 the EU agreed upon the directive on temporary agency work that includes entitlements to equal pay and equal treatment for the employees – but (similar to the German case) with an exception for collectively agreed pay rates. Accordingly, it is assumed that there will probably be no need to change the German regulatory framework.

¹⁰ Apprenticeship contracts in the German dual system of vocational training are always temporary – typically for a period of three years.

¹¹ The rate refers to all employees (including civil servants).