



## Women on expedition to 2020

### The path to more gender equity in Germany

May 19, 2008

Gender disparity is a reality today. Either due to lack of opportunity or by choice, female and male participation in most walks of life are unequal. Looking forward, we need to find out along which dimensions changes in gender disparity are likely in Germany by 2020. We therefore examine the interactions between women and structural changes, and develop a plausible future, for women, and shaped by women. The key features of this scenario are:

**In 2020, it is easier to reconcile work and family life in Germany.** This is due to several factors:

- The rising pressure of population ageing has driven more family-friendly policies, as women are badly needed in the workforce, and as parents.
- The growing project economy, combined with increasing knowledge intensity and fast-spreading virtual connectedness, has resulted in the spread of flexible work models.
- In parallel, mentalities have slowly opened up regarding gender issues.

All this has resulted in a more gender-equitable distribution of both paid and unpaid work. Fathers are more prominent in family life.

**We expect more women in paid employment, especially mothers.** This will be the result of it becoming easier to reconcile work with family. Additional drivers are:

- Population ageing drives demand for female workforce in general, but also in the rapidly growing “care” sector, still attracting predominantly women.
- Women are better and better educated. They also increasingly need to rely on their income to sustain family spending levels, especially single mothers.
- The increase in knowledge intensity and the growth of technical fields drive higher demand for specialised skills. In parallel, traditionally male-dominated fields, such as science and technology, are being heavily promoted to women.
- Cooperation and innovation have gained importance, soft skills such as interpersonal skills and creativity are in demand.

**More women are likely to be in power.** Women are slowly making it to senior positions in higher numbers. Whether in business or in politics, they impact both the decision-making process and its implementation in a way which is more consultative and for the longer-term.

In 2008, an equitable society is a distant but attainable goal. Germany has the opportunity to position itself at the forefront of modern family policy, promoting a work-life balance conducive to the well-being of all family members. Government and corporations, who also benefit, have a big role to play in influencing the future life of women. But in the end, every woman – and man – will be making choices, on expedition for their individual and mutual benefit.

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*"Once women feel they can be themselves without trying to be one of the boys – and can be considerate in the process, this will be real progress."*

Ruth Anderson, KPMG, vice chairman<sup>1</sup>

### Gender disparity is a reality

In Germany, around 60% of women are in paid employment (vs 70% of men), and 20% of these working women work less than 20 hours per week (vs 3% of men).

Women working full time earn, on average, 23% less than men and this is one of the largest wage gaps in Europe. In the Bundestag there are twice as many men as women.

Women constitute less than 25% of those enrolled in science and engineering tertiary education. Among the 50 largest publicly traded corporations in each EU nation, women make up, on average, 11% of the top executives and 4% of the CEOs and heads of boards.

### Examining the impact of key trends (Germany 2020) in four main areas

Few would challenge the fact that gender disparity is a reality. At the heart of the global agenda, the Millennium Development Goals include as their third goal: empower women and promote equality between men and women. This is an important development objective in its own right, but is also a key to achieving others, such as universal primary education, a reduction in under-5 mortality, improvements in maternal health, and reducing the likelihood of contracting HIV/AIDS.

Closer to home, the EU declared 2007 "The European Year of Equal Opportunities for All – towards a just society", spearheading countless initiatives designed to "make people in the EU more aware of their rights to equal treatment and to a life free of discrimination", with discrimination on grounds of gender an important subtopic.

The facts speak for themselves (see box). Either due to lack of opportunity or by choice, female and male participation in most areas of life are unequal in Germany in 2008. It is clear that improvements have taken place over the years. Will this continue? Along which dimensions are changes in gender disparity likely in Germany by 2020? This is the subject of this study. Using the framework of the recent comprehensive DBR study "Germany 2020"<sup>2</sup>, we will investigate how likely future structural changes will impact women – and vice-versa – and pinpoint the implications for business, government and society at large. These structural changes are summarised in the graph below. All through this, the icons shown in this graph will be used in the margins, whenever the development discussed in the text refers to the corresponding structural change.

Our focus is women but it is obvious that any change impacting women will affect men, children, families, and society at large. It is also important to keep in mind that gender equity does not mean sameness, rather equal access to opportunities! Now, most people find the polemic about the roles of men and women boring, because it focuses too heavily on the status-quo, and is therefore too polarising. In this publication, our goal is to examine along which dimensions changes in male/female participation are likely. It is crucial to progress beyond the polarity between masculine and feminine approaches. What we need is to have both genders working towards joint objectives that benefit society as a whole.

In the first section, we briefly describe the general context of Germany in 2020. We then proceed to investigate the impact of the trends leading to this scenario in four key areas. In the second section, we discuss the issue of reconciling work and family life, past, present and future. The third section looks at overall female employment, the future development of flexible work models, the extent of participation across the various sectors, and the gender pay gap. In the fourth section, we focus on women's participation in decision-making. The fifth section touches on the importance of

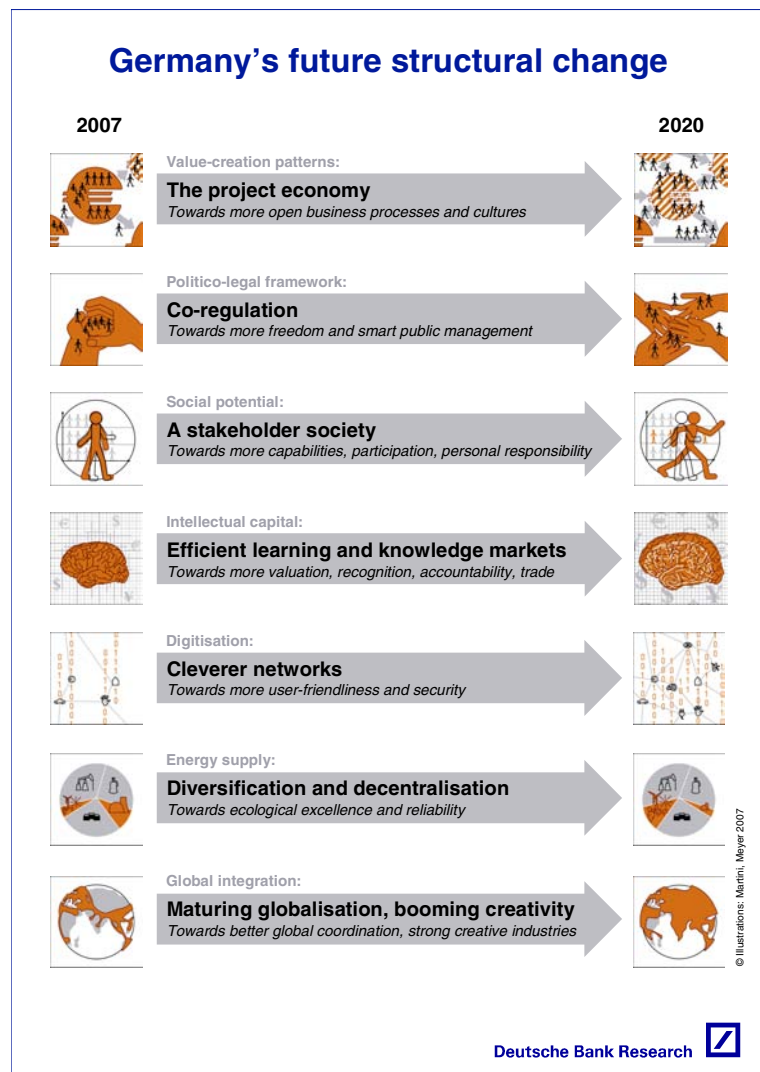
<sup>1</sup> Reported by Clare Davidson in BBC News: Feminine Women "can succeed too".

<sup>2</sup> Hofmann, Jan, Ingo Rollwagen and Stefan Schneider (2007). Germany 2020 – New challenges for a land on expedition. Deutsche Bank Research. Current Issues. [www.expeditiondeutschland.de/en](http://www.expeditiondeutschland.de/en)

women as consumers. We then summarise the anticipated situation of women in Germany in 2020, and analyse the implications for governments, companies and society at large.

## 1. Germany in 2020: The scenario's key features

To make the right economic, social and political decisions, we first need to have consistent pictures of the future as a basis. Deutsche Bank Research has therefore sketched out what paths of development are conceivable for German business and society in the future – and which picture of the future is the most plausible. The study<sup>3</sup> is based on an innovative scenario analysis. The core elements of this “Expedition Deutschland” scenario for 2020 are formulated, from a 2020 perspective, in the following box. This sketch focuses on the first four structural changes in the above list, since the last three are largely self-explanatory.



<sup>3</sup> Hofmann, Jan, Ingo Rollwagen and Stefan Schneider (2007). Germany 2020 – New challenges for a land on expedition. Deutsche Bank Research. Current Issues. [www.expeditiondeutschland.de/en](http://www.expeditiondeutschland.de/en)

## Project “Germany 2020”



**In 2020, the “project economy” delivers 15% of value creation in Germany** (in 2007 the figure was about 2%). The “project economy” refers to usually temporary, extraordinarily collaborative and often global processes of value creation. For many companies this type of cooperation is the most efficient way of doing business. This is because product life cycles have shortened further; the breadth and depth of the knowledge necessary for developing and marketing successful products have increased rapidly; successful products are increasingly the result of convergence between differing fields of technology and knowledge; and many companies and research institutes are even more strongly specialised in 2020 than they were in 2007.

Consequently they collaborate ever more frequently on joint projects, often in the form of legally and organisationally independent project companies. They delegate specialised employees or parts of their organisation to these projects, invest capital or put their knowledge and networks at their disposal. In this way, companies can respond flexibly to the considerably higher demands on knowledge and rapidity in the global markets while sharing the costs and risks. This is often – but by no means always – their key to success: in 2020, collaboration generates considerable personal and strategic tensions. Factors that help to reduce the frictions on the technical side are mature, highly standardised information technologies.

The project economy is closely intertwined with the traditional way of doing business. In 2020, many companies are continuing to go it alone with the market launch of their products. Often, though, these same companies cooperate in other markets – e.g. the innovation-intensive ones – by taking the project economy approach. Germany’s small and medium-sized enterprises (SMEs) benefit in particular from the project economy. SMEs can use their advantages of specialisation and organisational flexibility – and are additionally boosted by a renewed surge in start-up activity.



**Open innovation processes helped to conquer new markets.** In 2020, Germany has caught up with its competitors in markets for cutting-edge technology and knowledge-

intensive services. Today, innovation is Germany’s core competence, with “Created in Germany” often being first choice especially in Asia and the Middle East. Some of the main reasons for this success: collaborative innovation as well as intelligent sharing and exchanging of knowledge and intellectual property. A project economy approach to work has proved efficient especially in the early, innovative and thus particularly knowledge-intensive phases of value creation. Moreover, many German corporates (and their local and international project companies) have benefited over the past few years from having more closely integrated the generation of “sovereign customers” into their processes. These customers are well networked via interactive forums and have up-to-date knowledge of prices and qualities in the areas that interest them. By contrast, many business investments in long-term research and development have fallen by the wayside by 2020. They are often poorly suited to the more short-lived value-added patterns of today.

**Knowledge is traded on efficient markets in 2020.** Knowledge about customers, markets and many other topics is valued and traded much more efficiently today than back in 2007. The operators

of such knowledge-based services are flourishing. Intellectual property has become a commonly used asset class, and investors may choose from a broad spectrum of topic-oriented patent funds, copyright securitisations etc. Moreover, intellectual capital has swung into the focus of company valuations: the capital market now takes an interest not only in a company’s traditional balance sheet ratios but also its research efficiency, education and training budget, and cooperation ratings.

The young and seasoned minds that house this intellectual capital benefit in 2020 from efficient learning markets. Private operators of learning services prosper. Also, public universities and other educational facilities have become more efficient following a wave of consolidation. Furthermore, they are more strongly involved in the market for modular education and training.



**Government reduces its intervention and there is more co-regulation.** Co-regulation closely integrates citizens and companies. On the one hand, legitimisation problems have motivated the state and still tight fiscal constraints have compelled it to cede part of its mandate to others. On the other, the regulatory issues have become increasingly complex. More than ever before, the state needs to tap the knowledge of citizens and companies to be able to set suitable framework conditions.

Regulatory regimes that emerge in this way are more intelligently geared to the needs of business and society. They are more transparent for people and companies alike and ease the struggle into new markets. In general though, too, the state’s abandonment of parts of its mandate has resulted in social transfers now coming with strings attached. In addition, more and more social services (e.g. long-term care) are organised on a private basis. Germany has become a “stakeholder society” based on reciprocal action.



**A new middle class emerges in German society by 2020, but the lower periphery falls behind.** The middle class celebrates its comeback. The new opportunities for upward social mobility and the higher

risk of social decline, both being the consequence of increasingly global and volatile value creation, have clearly shown the middle class the value of knowledge. Many Germans with a mid-range income therefore invest heavily in education – and thus gain qualifications for the demanding, but at the same time well-paying jobs in the project economy.

Well-educated older people also benefit as they are intelligently integrated in the working world in 2020. By contrast, low earners have only limited access to the new learning markets, and young and old alike often have to fear for their livelihoods. International competition has an even more incisive impact on this group than on others. Many low earners are compelled to organise themselves in self-help networks, and many have lost their faith in politicians.

Given the structural changes outlined here on the way to “Expedition Deutschland” we expect Germany’s **gross domestic product to grow at an average rate of 1.5% per year** up to 2020.

From a 2007 perspective these changes pave the way to extraordinary opportunities for business, society and politics, but also harbour substantial risks if they are not taken into account.

*Hofmann, Jan, Ingo Rollwagen and Stefan Schneider (2007).*

*Germany 2020 – New challenges for a land on expedition.*

*Deutsche Bank Research. Current Issues.*

[www.expeditiondeutschland.de/en](http://www.expeditiondeutschland.de/en)

## 2. Future reconciliation of work and family life

Crucial to all – but especially to mothers – is the ability to reconcile work and private life. Lightening the “double-burden” has wide-ranging implications for families and society at large: an increasing maternal labour supply helps to boost the fertility rate<sup>4</sup>, ensuring sustainable pensions and social security systems, promoting gender equity, and reducing poverty, especially for single parents. We examine in this section the individual impacts of expected changes in the economy, in individual and societal preferences, as well as in the political realm on future ability of men and women to reconcile work and family life.

### 2.1 New ways of “doing business”: Opportunities and challenges

#### *More project economy*

The keyword for the future is project economy. Companies will increasingly need to rely on new, flexible forms of collaboration, in order to respond to the demands of a more complex environment. Processes of value creation will often be temporary, highly collaborative and often global (See section 1). We expect this to have mixed effects on people’s ability to reconcile work and private life.

In a context of project-based work in a knowledge-intensive society, people will have to deliver smarter and faster and will be more prone to burn-out. To help workers cope (and potentially prevent absenteeism), structures will be in place for workers to “recharge their batteries”. Sabbaticals will be occasionally required, and discontinuous work biographies will become normal. In this environment, women taking time off to give birth and spend a year or so with their baby will not stand out in the future workplace as much as in the current one.

Part-time work will be another way for all to improve work/life balance, as well as a natural way to staff some projects. Parents can capitalise on more flexible work arrangements, and choose to spend their extra-time with the family rather than on an extra project, potentially for another employer. In the future flexible environment, working parents will not stand out as much, as full-timers will sometimes also work part-time on more than one project at a time.

On the negative side, the new project-based work structure will often require workers to meet tight deadlines before moving on to the next project. Inherent to this economy will be shifts in work intensity: lows are conducive to private and family life, highs more problematic. Women also tend to be less tolerant of long hours, especially in jobs with a low level of responsibilities, because they are typically more aware of the “opportunity costs”<sup>5</sup>. Mothers are especially tuned into the repercussions on their children. In addition, they do not have as often as their male counterparts the support of an at-home partner (although it will be increasingly frequent in a society with less gender bias). “Does the satisfaction derived from the job (efficacy, recognition, a sense of stretching my mind) justify leaving my child behind?” This is a question that women in time-intensive jobs often have particular difficulties answering. At the same time, project work



**In a stressful project economy, more discontinuous work biographies...**

**... and more part-time work are conducive to family life...**

**... but not the high-intensity work phases**

<sup>4</sup> Female employment rate is indeed known to be positively correlated to birth rate in industrial countries – See Schaffnit-Chatterjee (2006). OECD (2008).

<sup>5</sup> See Hewlett and Luce (2006).



**Relocations can be a liability, especially in a global world...**

is more likely to tilt the answer towards the positive side, as it is known to be associated with higher levels of initiative, which is both challenging and rewarding<sup>6</sup>.

### ***Maturing globalisation***

Moving on to a new project may also mean relocating. A lot of projects will have a global reach and require travelling, or temporarily living, abroad, often overseas. Where mobility is required, dual careers are more problematic as immigrants have lower employment rates than natives. Women are still likely to be the most affected, as “accompanying partners”: even though gender equity is increasing, we still expect more women than men to relocate due to their partner’s job. The current expatriate community already exhibits a higher number of non-working mothers than in their native country. Recent OECD data show that the gaps in employment rates between immigrants and native people is decreasing, but immigrants’ unemployment rates remain high, even for those recently arrived and the highly qualified. A partner, usually the wife, who relocates to follow the transferred partner faces extra-obstacles, potentially legal (work visa, a job to go back to after a maternity leave), linguistic, and cultural. She is thus a candidate for “multiple discrimination”, as an immigrant, a woman, and a mother.



**... cushioned by the increase in virtual work and knowledge intensity...**

### ***Enhanced digitisation and knowledge intensity***

In parallel to switches from one project to the other, virtual connectedness is on the rise. As communicating and collaborating are increasingly possible through ICT, physical presence in a particular place is not always required. In fact, work is not necessarily tied to either time or place. This is an asset in the sense that individuals have the opportunity to arrange work so that it best matches their life situation. Home offices (fully or in combination with a traditional office) are more widespread and parents can more easily switch between working and taking care of the family. Precious time is also saved by reducing commuting, which can be re-directed towards family life. At the same time, the ability to be available “anytime, anywhere” has the potential to be disruptive to family life, unless we remember, once in a while, to switch off mobile phone or blackberry.

**... blurring the border between work and private life**

Rather than dichotomies, work and family life will be increasingly seen as related and not separate. Surfing the blurred borders between work and the private sphere is not always easy, requires organisation and discipline, but is becoming an ever more necessary skill to develop.

**More focus on quality of life in general...**

## **2.2 New individual preferences: Increased desire for work/life balance**

There are signs that in the industrialised world, people are increasingly interested in a better work/life balance and value time in a new way. Indeed, a large number of people nowadays feel that their life is “out of balance”<sup>7</sup>. The next American generations of management – the so-called Gen X and Gen Y cohorts – seem less enamored of extreme jobs than baby-boomers<sup>8</sup>. In Europe itself, half

<sup>6</sup> See Gerlmaier (2006).

<sup>7</sup> Three out of four adult Americans now feel that their lives are “out of balance”. The wellness boom. The Economist January 6<sup>th</sup>-12<sup>th</sup> 2007.

<sup>8</sup> See Hewlett and Luce (1966). In the 45-to-60 age group, only 19% of extreme job holders say they are likely to leave within two years these demanding high-paying jobs requiring 60 hours or (often) more per week. This figure rises to 30% in the 35-to-44 age group and to 36% in the 25-to-34 age group. We believe this reflects

of all employees apparently want to reduce the working week by an average of about 10%<sup>9</sup>. Moreover, full-time workers indicate a clear wish for greater flexibility when deciding on working-time arrangements. Close to a quarter of them indicate that they would like to work on a part-time basis, either permanently or for a specific period of time. However, only 14% of them have ever tried to realise this preference, likely due to the financial restrictions involved. (As discussed in 3.1, a new organisation of working time throughout the life course may help fulfil this wish, if income at a particular time is not fully dependent on the amount of work at that time, but considered over the whole working life). On the whole, caring for children is one of the most important reasons for wanting to reduce working time, followed by to “have more time for oneself and one’s activities”, followed by “reducing the strains resulting from a full-time job”.

A recent European survey also showed that changes in value and structural changes in the Western world have led to a shift in focus from standard of living to quality of life<sup>10</sup>. According to a 2007 GfK survey across 9 EU countries, quality of life revolves around health, family and friends. As many as 90% of people mention family/children as an important aspect in order to achieve quality of life and personal well-being. This is the second highest after physical health (95%), and before friendship and partnership. Job and education only come in the fifth position (75%).

### ... and more interest in family life in particular

At the same time, in response to insecurity and loss of faith, taking on responsibility is becoming more important than self-fulfilment. A family can give the feeling of being needed and supported – a remedy for boredom, loneliness and uselessness much needed in turbulent and uncertain times. In Japan, an analysis of full-time workers’ lifestyles and mindsets between 1997 and 2000<sup>11</sup> showed a clear increase in the family-intensive segments, while the other segments (work-intensive, hobby-intensive, and balanced-life) exhibited some decline.

In the general context of a return to family life, flexible work arrangements are expected to be in higher demand overall, and mothers should have an easier time combining work and family without being overly stigmatised.



### The pluralisation of values and the demographic challenge join forces

## 2.3 Changing women, changing families: Opening of mentalities

Societal models regarding the role of women and family structures are changing. This change is directly driven by a pluralisation of values, a widening of the range of the “socially acceptable”. Indirectly, the need to sustain state finances in an ageing society is generating pressure to increase the number of active people, women in particular (as well as older workers and immigrants).

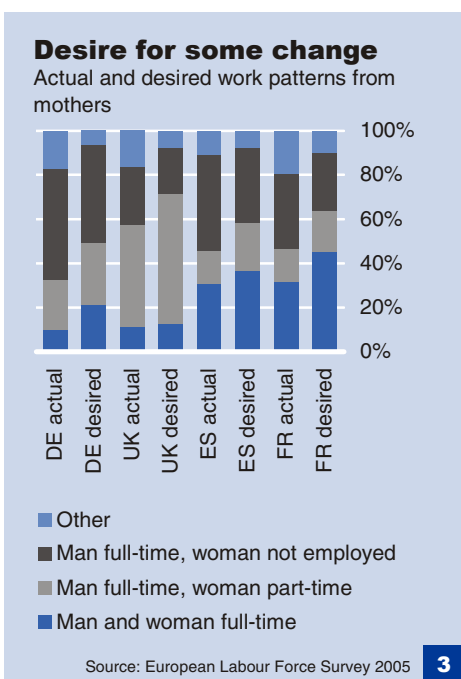
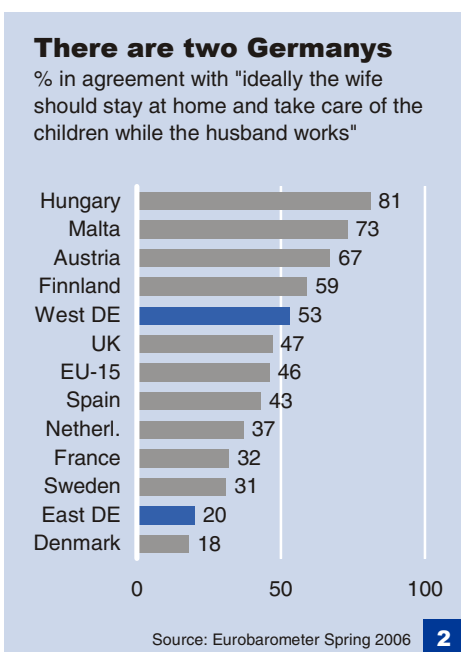
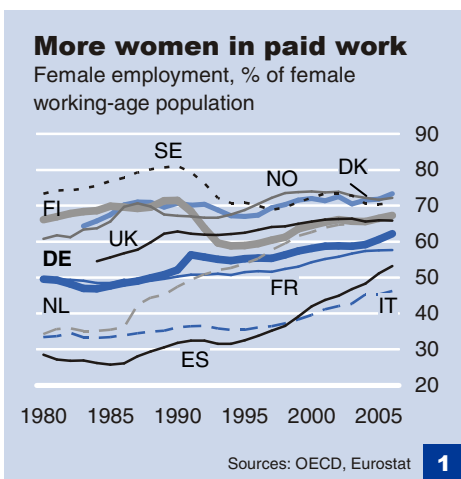
a change in preferences (cohort effect) rather than a mere generational effect, although we do not have evidence as these groups were not followed over time.

<sup>9</sup> See EFLS (2003).

<sup>10</sup> Ulrich Reinhardt, Stiftung für Zukunftsfragen in The 2007 Futurist Conference, Luzern.

<sup>11</sup> See Nitto and Shiozaki (2001).





### Change in the role expected of women in society...

Over the past decades, the industrial world as a whole has witnessed a clear increase in female participation in the workplace (see figure 1)<sup>12</sup>. However, the dichotomy between work and family is far from over and exists to varying degrees in European countries or regions within countries, as is the case for Germany. Recent Eurobarometer data (see figure 2)<sup>13</sup> show that East-Germans are particularly convinced that family and employment can co-exist, more than in most European countries, including Sweden and Finland, which are often quoted as models in this area. At the other end of the spectrum, West Germans are very critical of the consequences of female employment, especially its less educated and oldest citizens: 70% of the 65+ surveyed agree with the assertion that "Ideally, the mother should stay at home and take care of the children, while her husband works", vs 47% of the 18-30 year-olds.

### ... ahead in Eastern Germany...

The East Germans are unique in their support for female employment, both in a western European context (surpassed only by the Danes), and compared to the other former Communist countries. In these countries, the preference for the traditional family model may be partly seen as a counter-reaction to historical forced work and prevailing poor conditions, even for women. The difference between Eastern Germany and the former Communist countries may be explained by a couple of factors, such as a less prominent role of the church or the post-war reconstruction (with the implementation of a socialist model, especially in contrast to "competitor" West Germany),

### ... ongoing in Western Germany...

In Western Germany, the principle that caring for children is the task of the family (i.e. the mother) has also been strongly embedded in mentalities and institutions. This was reflected in policies which, although they claimed otherwise, were in reality encouraging women to give up employment completely following the birth of a child: almost non-existent childcare for the under-3s, a tax system that discouraged maternal employment, etc. (This policy inclination was partly due to one of the past strategies of German labour market policy to regard the reduction of female labour participation as an important step towards solving the problems of the labour market.<sup>14</sup> Until 1957, German law required married women to have their husband's permission before they were allowed to take on paid employment). In the past, ideologically-based stereotypes have led to associating institutional childcare with the often coercive crèches of the GDR and this has also damaged the reputation of childcare for West Germans.

Nowadays, comparisons are commonly made with neighbouring countries where childcare is prevalent, and mentalities are changing. Those agreeing with the statement that "A young child will certainly suffer if the mother works" has declined in Western Germany from 88% in 1982 to 63% in 2004, in Eastern Germany from 58% in 1991 to 29% in 2004. Again these percentages are lowest by a large margin among the educated and the young<sup>15</sup>.

<sup>12</sup> The drop noticeable in the female employment rate of Finland and Sweden in the nineties is connected to the recession affecting the job market at that time.

<sup>13</sup> See Scheuer and Dittmann (2007).

<sup>14</sup> See Dingeldey (2002) and OECD (2007).

<sup>15</sup> Surveys from Allbus, Destatis.



### **Snowball effect likely to benefit both maternal employment rate and birth rate**

It is likely a positive sign for future gender equality that the younger generations are less attached to the traditional family model than their older counterparts. In fact, there is growing evidence that the majority of German women wish to combine employment and motherhood (see figure 3). The increase in role models has the potential to further speed up maternal participation in paid employment through the snowball effect. As more German women successfully reconcile paid employment and motherhood, more mothers will be tempted to emulate them, thus boosting both the maternal participation rate and the birth rate.

### **Positive effects of maternal employment on mothers, families,...**

The positive effects of maternal employment on mothers themselves will also be better known in Germany, for instance a distinct boost to self-fulfilment and self-worth. Data show that mothers of two-year olds in paid employment are considerably less prone to depression than those who do not work. They enjoy a greater quality of life, physically, psychologically and socially<sup>16</sup>. And the financial independence they gain goes a long way towards gender equity, while remarkably reducing poverty in young families. In fact, the OECD reports that it is the employment status of parents that has the strongest influence on the extent of child poverty. Germany is at 12.8% (about the OECD average, at 12%), while the Nordic countries have the lowest figures (2.4% to 3.6%), followed by France (7.3%)<sup>17</sup>.

### **... especially monoparental families...**

The case for paid employment for single mothers is particularly strong. Child poverty rates are three times higher on average for lone parents who are not working than for those in paid employment (55.6% vs 18% in Germany). And in Germany, sole parents' poverty rates are four times higher than for the total working age population.<sup>18</sup> This is important to keep in mind in a society where the divorce rate is increasing, and therefore the numbers of singles, single parents, transitory relationships and recomposed families is rising.

### **... and (an ageing) society at large**

More generally, higher female participation in paid work will help to counteract one of the side effects of Germany 2020: the poor and unskilled left behind in poverty. From an economic point of view, the increase in "womanpower" is particularly appreciated in an ageing society desperate for workers (and children).

### ***From the child's point of view***

It is beyond the scope of this paper to debate what is right and wrong for children but we can hardly discuss women without attempting to take into consideration the child's point of view, even in a low-birth rate Germany. And there is hardly a more heated debate currently than that of crèche vs maternal care (or childcare subsidy vs paid parental leave).

### **Attachment to the mother in the first year is crucial...**

What is clear is that a period of time with the mother readily available is critical to a child's development. Opinions vary as to how long this period should last. The norm in France is for a mother to go back to work full-time when her baby is around 4 months old. At the other extreme, German mothers have often been staying at home at least until their child enters Kindergarten at three years of age. What is well documented in academic papers is that if the child's emotional needs are not met during the early years, its capacity to form secure, attached relationships later in life is compromised<sup>19</sup>.

<sup>16</sup> According to researchers from Berliner Charité, reported in "Das Gesundheitswesen" (Oct. 2007).

<sup>17</sup> The poverty rate is defined as the share of children with equalised incomes less than 50% of the median for the entire population.

<sup>18</sup> See *Babies and Bosses*, OECD (2007).

<sup>19</sup> See, for instance, Zhou et al. (2002).

Insecurely attached children are also more prone to anxiety disorders or committing physical violence as adults<sup>20</sup>. It is generally accepted that the mother's role is crucial, even if a responsive care-taker may be a substitute. The available evidence seems to suggest that child development is negatively affected when an infant does not receive full-time personal care for at least the first 6 to 12 months of its life<sup>21</sup>.

Good quality institutional childcare can be beneficial in offering a stimulating environment once the initial attachment to the mother is secure. According to the OECD<sup>22</sup>, cognitive development of a child benefits from participation in good quality formal care (and interaction with peers) from approximately age 2. (This does not mean that good quality childcare is detrimental between 1 and 2 years of age, or that full-time childcare after 2 is a must.) Children living in less-educated or immigrant families are better off if they start childcare earlier. In general, fathers' involvement is highly desirable, they can help to bridge the gap between maternal care and childcare, and all family members would likely benefit.

**... but does not require the mother's full dedication to the baby (actually detrimental)...**

Research has also shown that securing initial attachment, by being responsive to the child's needs, does not require the mother to be fully dedicated to the baby. Psychotherapist Jean Liedloff advocates physical closeness between mother and child in the early years<sup>23</sup>, and discusses the far-reaching social effects of missing out the In-Arms phase (may lead to physical violence as adults, etc.). But she also documents the "unhappy consequences of being child-centered". Many parents of toddlers, in their anxiety to be neither negligent nor disrespectful, have gone overboard and become centered upon their children instead of being occupied by adult activities that the children can watch, follow, imitate, and assist in, as is their natural tendency.

**... and is compatible with maternal employment in the right structures**

Even what seems an ideal attachment to the mother does not preclude employment for mothers of very young children, even in today's structures: working from home, part-time work, or a consistent infant care-giver provide alternatives until women are allowed to take their babies to work.

### ***New fathers, new families***

**Man's role in the family more prominent, driven both by mothers...**

A change in the role of women does not occur in isolation and men's roles and expectations in the family are undergoing changes as well. This may happen as a response to a new positioning of German mothers. Women opting for paid employment in larger numbers will have different expectations of their partners and drive changes both in the workplace and at home. In households where mothers return to work when their children are still young, fathers tend to be more engaged in parenting.



**... and fathers themselves**

Men, on their own initiative, often wish to increase their share of family responsibilities, to have closer relationships with their children, and are more willing to take paternity leave, or work part-time<sup>24</sup>. By relieving mothers of some of their child-rearing work,

<sup>20</sup> See Graham et al. (1999) and Prescott et al. (1996).

<sup>21</sup> See Babies and Bosses, OECD (2007).

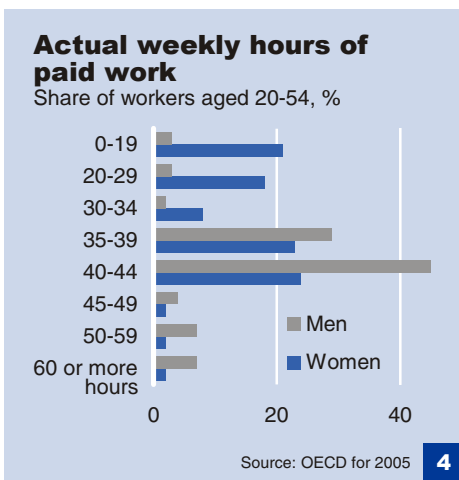
<sup>22</sup> Same as 17.

<sup>23</sup> See Liedloff (1975) and [www.continuum-concept.org](http://www.continuum-concept.org). Based on her observations and analysis of how well-adjusted children (and adults) of a South American tribe are ("no tantrums, no destructiveness and carelessness of their own safety that we call normal"), she raised Westerners' awareness of the importance of carrying a baby, and recommends parents to keep their babies in physical contact all day and night until they begin to crawl.

<sup>24</sup> Witness the mushrooming of books or self-help courses, such as "Papa ist die beste Mama" by Svenia Hofert.

... bound to benefit children

This is not without obstacles in the workplace...



... and involves rethinking “time”

“Results and trust” instead of “control and visibility”

greater male participation in family life helps increase maternal labour supply and generate more gender-equitable employment and childcare outcomes.

Children are likely to benefit greatly. The impact of generations of children growing up with a mostly absent father is probably not fully known. This problem is exacerbated by the fact that most Kindergarten staff and primary school teachers are women. Men accounted for less than 3% of childcare staff in Germany in March 2007<sup>25</sup>. Female teachers accounted for 63% of primary/secondary education teachers in Germany in 2004<sup>26</sup>. So, a lot of young boys grow up with a shortage of male role models.

Fathers willing to share the responsibility of reconciling work and family life face similar issues to their female counterparts, and often to a higher degree: financial concerns, the lack of role models, and concerns about their careers<sup>27</sup>. This is especially acute in a country counting even more men than women who do not have children. The pressure to cling onto the lifestyle of childless or single colleagues can be enormous in some workplaces. Policies have a role to play here, for instance through a more individualised leave system entitling each parent to some paid leave. This is currently the case in Iceland: as a result, 90% of fathers now take full leave (13 weeks per parent, non transferable, much higher than elsewhere in the OECD)<sup>28</sup>. In Germany, the new paid leave scheme implemented last year has been successful in increasing paternal leave. One of the parents receives a monthly payment for up to 12 months. In order for the maximum of 14 months to be reached, it is required that the partner (usually the father) takes two months’ leave. With this new incentive, the proportion of fathers taking parental leave has increased from 3.5% in 2006 to 12.4% at the end of 2007.

The responsibility to dissociate performance from extremely long hours lies with corporations and all management levels. When the prevailing opinion is that a 70-hour long week is only slightly more productive than a 40- to 50-hour week, it will be easier for all to find time for the family (7% of male workers work more than 60 hours a week in Germany, see figure 4). We also expect the industrial society’s view of work as “control and visibility” to gradually be replaced with “results and trust”.

All in all, a great challenge to the family today is lack of time<sup>29</sup>. “By spending time together, you develop mutual trust, ensure time for touching and communication, and get to know your children. Quality time cannot be scheduled into neat time slots. Relationships need quantity time in order for quality moments to occur.”<sup>30</sup> Some families want one balance of work and family life, and other families want another. Each family should be supported in making its own choices.

## 2.4 Policies: Increasingly family-friendly

In line with increasing demand from German families, the state and corporations have a big role to play in facilitating the reconciliation of work and family life. A prerequisite is access to affordable quality childcare, especially for the under-three age group, but also for the

<sup>25</sup> Federal Statistical Office of Germany.

<sup>26</sup> Eurostat for 2004.

<sup>27</sup> See OECD (2007), Nolte (2007).

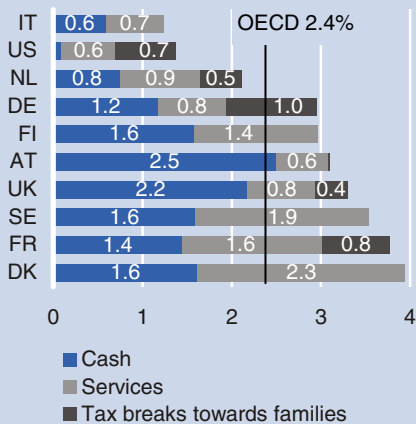
<sup>28</sup> The vast majority of fathers in Norway (90%) and Sweden also take the 8 week paid leave they are entitled to.

<sup>29</sup> For more on this see Bertram (2007).

<sup>30</sup> See Peggy O’Mara (2000). The publisher of *Mothering Magazine* lists some traits of healthy families: communication, respect, time, spirituality and resilience.

### Focus on childcare in France & Nordic countries

Public spending for families, % of GDP, 2003



Source: OECD

5

periods after Kindergarten and school. The workplace has to become much more family-friendly, offering parental leave, flexible hours, and sick-child leave. The tax system also needs to be structured, so that “it pays to work” for the second income-earner, usually the female partner.

#### Government: offering more choices

There is a conflict between some of these objectives, which can complicate policy development. For instance, parental leave allowing parents to look after their young children is beneficial for the children and the parents (by not being forced to sacrifice their careers) but only if it is restricted in time: otherwise, the parent's human capital is diminished by too long an interruption of paid work, costs to employers rise, and great damage to their careers ensues.

Multiple studies<sup>31</sup> have shown that the following policy reforms have the potential to close most of the gap between participation rates of prime-age women and men:

- Childcare subsidies and paid parental leave (whereas child benefits widen it)
- A more neutral tax treatment of second earners in a household compared to single earners
- More part-time work opportunities, e.g. via policies that remove distortions that discourage it.

Germany has been lagging behind in terms of facilitating the reconciliation of work and family life, in spite of above-average public spending directed towards families (3% of GDP, see figure 5). Given its joint taxation system, Germany is one of the few OECD countries where financial incentives for partners to move into work, and for second earners to work more hours are relatively weak<sup>32</sup>. The childcare on offer is also known to be grossly insufficient for under-3s, and, for all ages, lacking in number of hours covered (especially afternoons)<sup>33</sup>. This is a top priority to be addressed.

Recent and current governments have been taking important measures in the area of childcare and paid parental leave. However, there is still a long way to go for women to be able to satisfactorily combine paid employment and motherhood (more on this in Section 7).

#### The role of corporations

Women now earn more than half of university degrees. Companies are beginning to redesign career paths, jobs, and workplaces to get women to stay around once they start having children. New programmes vary workloads to accommodate women (and fathers) with family obligations, and provide help in finding childcare. Some benefits which are today the exception could tomorrow be commonplace for employers who want to retain valuable mothers. On-site childcare is likely to become widespread, potentially on the same floor as the mother for the youngest children. Most companies are expected to disconnect typical career cycle from age, so that a woman choosing to take a year off for each child is not penalised.

Numerous organisations certify companies offering family-friendly HR practices with their seals of approval, for instance “Unternehmen

### Successful companies craft jobs to fit lives, not the other way round

### A family-friendly HR policy pays

<sup>31</sup> See OECD (2007), Eichhorst et al. (2007), Biedenkopf et al. (2006), Spieß and Wrohlich (2006), Steiner and Wrohlich (2006), Jaumotte (2003), Fenge and Ochel (2001).

<sup>32</sup> See OECD (2007).

<sup>33</sup> See for instance Spieß and Wrohlich (2005).

Familie”, “Beruf und Familie”, “Erfolgsfaktor Familie”, “familienfreundliches Unternehmen”, the association Verband Berufstätige Mütter, to cite only a few. Evidence abounds to show that a family-friendly HR policy pays. For instance, 26% of mothers and fathers claim to have already changed their employer for a better reconciliation of work and family<sup>34</sup>. According to a recent survey<sup>35</sup>, the implementation of family-friendly HR policy led to a reduction of absenteeism (by 34%), easier recruitment of qualified employees and senior management, and a boost to the image. In practice, though, a lot still needs to be done, for instance for mothers who are highly qualified and want to combine part-time with a career path: these mothers are all too often “downgraded” to non-qualified jobs, even in companies boasting that they offer a family-friendly environment. (More on this in 3.1)

### Germany in the vanguard of modern family policy?

#### Valuing both the parent and the worker



**Greater choice through greater cooperation of all parties involved**

- **mixed effects of the project economy**
- **more interest in family life**
- **opening of mentalities**
- **policies offering greater choice**

#### **Future Germany values both the parent and the worker**

Extreme demographic pressure provides a unique opportunity to combine the social ideal (greater gender equity, and more children) with companies’ economic ideal (flexible employment arrangements like part-time working are traditionally seen as detrimental to profits). In fact, Germany has a good opportunity to position itself at the forefront of modern family policy. While still consistently promoting female employment and good quality childcare after a child turns one to two years of age, it can also capitalise on the existing wide range of creative structures for mother and child activities. For instance, a mother choosing to be at home, available to her child during her first year, is much more likely in Germany than in France to have the social contacts beneficial to her and her child, due to the numerous “Krabbelgruppen” or organised mother-child activities readily available. Germany is in a good position to create an environment in which both the parent and the worker are valued (More on this in 3.4).

The state and corporations have a big role to play in influencing the future life of women, even though it will be the German women and men making the choices. In a context of closer cooperation between state and citizens, the latter will be increasingly involved in shaping the policies and determining which options are available to them.

#### **2.5 Net expected effect of the above changes on work/life reconciliation: Likely positive**

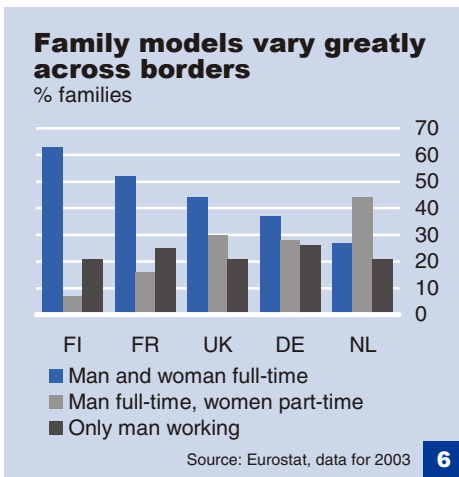
Whether induced by the economic environment, demography, or personal preferences, whether driven by the state, society as a whole or individual choice, the work environment is undergoing significant changes. An increasingly project-oriented economy in a more global, digital environment, a heightened desire for work/life balance, changes in the expected role of women and motherhood as well as more family-friendly policies are leading to more flexible work environments and work styles. This transformation appears mostly beneficial to women. In Section 3, we examine several issues around overall female employment.

#### **Future work-family balance: Germany in international context**

There is no doubt that Germany should rigorously pursue its recent efforts in assisting mothers to make a smooth return to the workplace, and offering a family-friendly work environment for many years to follow. Germany lags behind most developed countries in this respect (see figure 6), not least in the related low birthrate.

<sup>34</sup> GfK (2007).

<sup>35</sup> Research Institute Familienbewusste Personalpolitik, University of Münster.



### Germany leading the way in the family- aspect of work-family balance?



**Towards more opportunities,  
participation, personal responsibility**

At the same time, those countries with the highest female employment and mothers returning to work sooner are witnessing an increasing desire from mothers to spend more time with their children, especially when they have a child under 3. For instance, Sweden has long had high-quality infant care available to all and heavily subsidised. It was widely used in the 1970s and 1980s, but in the early 1990s, parental leave was increased and now there is little use of childcare for those under the age of 18 months<sup>36</sup>. In these countries, mothers are striving for a better work-life balance by giving more importance to family life. The mothers who feel most isolated in countries like Australia, or France, are not the “Rabemütter”<sup>37</sup>, but rather those mothers deciding to delay their return to work after giving birth, or opting for a part-time work arrangement.

Women have an equal right to work. But the right of mothers of young children not to work should not be forgotten. In most industrialised countries, women had once to fight for the right to a career, as it is still the case in Germany. Some now have to fight for the (economic) right to parent their own children. (More on this in 3.4) Granting parents the rights to both work and not work will allow parents to make choices according to their own wisdom about what their family needs, and not be forced into impossible compromises. Parenting per se can be stressful, but this is greatly exacerbated by the fact that parents feel social and cultural pressures that do not support children and their families<sup>38</sup>.

Looking at families in general, we anticipate in the future in Germany a higher proportion of double-income families, along with a more gender equitable distribution of work in the household as well as in the workplace.

## 3. Trends in female labour force participation

*“Over the next generation, I predict, society’s greatest opportunity will lie in tapping human inclinations towards collaboration and cooperation rather than stirring our proclivities for competition and rivalry. These may be the most creative social experiments of our time.”*

*Derek Brok, President of Harvard University*

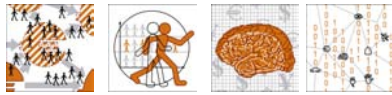
### 3.1 Overall female employment: Further increase but challenges persist

As already mentioned above (see Figure 1), female labour market participation has been increasing in most developed countries. With a female employment rate of 61.5%, Germany is above the OECD average of 56.8%. (However, this overall figure masks differences in work intensity and maternal employment, as discussed below.)

<sup>36</sup> See Bunting (2004) Also in France, a policy reform in 1994 (eligibility for the prolonged parental leave payment was extended to families with two children, whereas prior to that, only families with three children had access) led to a significant reduction in the employment rate of mothers in the age group 20-49 with two children: from 70% in 1994 to 55% in 1997. It is still at 54% today for mothers of two children with one child under 3 years of age. In Canada, paid maternal leave was extended in 2000, from 6 months to 1 year.

<sup>37</sup> Negative German term used to describe German working mothers, accused of “abandoning” their children to go back to work.

<sup>38</sup> See Sidebotham (2001).



### Changing female aspirations and more financial uncertainty

Several factors will continue to drive female employment up on the supply-side: women's rising educational levels, changed preferences for paid work (see 2.3), higher real female wages (see 3.3), and, last but not least, a greater reliance on female income to sustain household spending patterns: for families in general, but even more so for single mothers, whose number is growing. A future greater reliance on female income is driven by several aspects<sup>39</sup>: a growing pressure to rely on private provision for old age and health risks, decreasing transfer payments by the state (e.g. for the unemployed), a growing risk of downward social mobility, and a deepening of EU integration encouraging benchmarking between member states, which should tend to improve the situation in Germany.

### The demographic opportunity: more demand for "womanpower"

Demand-side factors of the past will also continue to have the same effect, strengthened by the special need for manpower in an ageing society (or should we say "womanpower", for the sake of more gender balance, as well as to reflect the elderly's needs for caring and nurturing, often provided by women). The shift from manufacturing to services has considerably fostered female labour participation. By 2005, two-thirds of all OECD employment was in the service sector, and four out of five women were in service sector employment. The increase in knowledge intensity is expected to strengthen this trend.

#### ***The skill mix of the future: More openness, creativity, interpersonal skills***



In the innovative knowledge-based society, the modern workplace will look more like a design studio than a factory assembly line. Rather than mindless repetition, collaboration and innovation will be key to success. In a project economy, employees will be pulled into projects and let go when the job is done. There will be fewer permanent jobs and the individual's reputation for team work will be crucial in securing the next job. Openness and creativity, interpersonal and cooperative skills will be sought after, skills often associated with women.

### Some differences between men and women...

Although it is beyond the scope of this study to enter the debate on genetic vs acquired gender differences, we cannot write on gender issues without acknowledging that there are typical behavioural differences based on gender. Countless studies<sup>40</sup> have shown that women are typically associated with "compassionate qualities", such as being especially affectionate, helpful, friendly, kind and sympathetic, as well as interpersonally sensitive, gentle and soft-spoken. In contrast, men are associated with "assertive qualities", such as being especially ambitious, self-confident, dominant, and forceful, as well as self-reliant, individualistic and even aggressive. Similarly, the intuitive capacity has a tendency to be present to a greater degree where the 'feminine principle' is strong, probably because the feminine tends towards openness and sensitivity in order to nurture and care. It is by no means an exclusively feminine trait but the more masculine "competitive conditioning" tends to suppress this capacity<sup>41</sup>.

### ... have made it difficult for women...

These widely shared conscious and unconscious mental associations about women, men and leaders are behind the discrimination women have been facing as summarised by Eagly

<sup>39</sup> See Germany 2020 Hofmann et al. (2007).

<sup>40</sup> E.g. Eagly (2007) and Duehr and Bono (2006).

<sup>41</sup> Mike George, Director, Spiritual Intelligence Unit, [www.spiritualintelligenceunit.com](http://www.spiritualintelligenceunit.com)



**... but may prove handy in a project economy**

and Carli<sup>42</sup>. Indeed, they explain that “male” assertive qualities are associated in most people’s minds with effective leadership – probably because of a long history of male domination of leadership roles. Women leaders find themselves in a double bind. If they display highly “compassionate qualities”, they are criticised for not being “assertive” enough. If they are assertive, they tend to be labelled pushy, abrasive, even “control freaks”, whereas men acting the same way were called “passionate”. Moreover, a woman being warm and considerate is not given “credit” for it, because it is expected of a woman. The same behaviour coming from a man is deemed impressive.

Now, the project economy’s emphasis on cooperation and innovation is driving a change of values likely to benefit women. Employers increasingly value soft skills, and among those, team working already ranks at the top. Of course, some men will embody some or many of the female aspects and vice-versa, and the key is a balance between masculine and feminine values and tendencies, while respecting differences.

The fact that “female skills” are becoming more valuable does not mean that “hard skills” are losing importance, on the contrary. For instance, the increase in knowledge intensity and the growth of technological fields will drive higher demands for scientists and researchers<sup>43</sup> (See 3.2).

**The impact of age and number of children on maternal employment is particularly high in Germany**

**55% of mothers are in paid employment in Germany**

Gender employment gaps are particularly high for parents. Currently, the arrival and presence of children in households hardly affects male employment rates, although fathers tend to work slightly longer hours than other men. However, the presence of children often profoundly changes female labour force behaviour, especially when children are very young. The maternal employment rate is particularly low in Germany (55% vs OECD average: 61.5%), especially for mothers with a child less than three years-old. The contrast in ranking with the (above-average) female labour market participation is explained by the low birth-rate (at 1.3, it is one of the lowest in the EU, the highest rate of 1.9 is found in Ireland and France). Indeed, the high number of German women who do not have children tend to work. (The highest maternal employment rates are found in Scandinavia (above 75%), and the lowest in Eastern Europe and Italy (45 to 50%).)



Internationally, the vast majority of mothers in paid work take a short break just before birth, until their children are a few months old. (After this period, national parental leave, childcare support arrangements, tax regimes, as well as mentalities, contribute to different labour force behaviours of mothers.) Table 8 shows that in many countries, maternal employment rates rebound when children turn three, and further increase when they enter school around age 6 (see figure 7 for Germany). Employment rates expectedly tend to be lower for mothers with a greater number of dependent children. The decrease is particularly drastic in the presence of a third child.

<sup>42</sup> See Eagly and Carli (2007) for this whole paragraph.

<sup>43</sup> For more on the future skill requirements, see Rollwagen (2007).

### Most mothers are in paid work, especially when children go to school

Maternal employment rates, women aged 15 to 64, 2005

	By age of youngest child				By number of children under 15		
	0-16	< 3	3 to 5	6 to 16	One	Two	Three
Denmark	76.4	71.4	77.8	77.5	..	..	..
Finland	76.0	52.1	80.7	84.2	71.2	70.9	60.1
France	59.9	53.7	63.8	61.7	62.2	57.6	38.1
<b>Germany</b>	<b>54.9</b>	<b>36.1</b>	<b>54.8</b>	<b>62.7</b>	<b>58.4</b>	<b>51.8</b>	<b>36.0</b>
Italy	48.1	47.3	50.6	47.5	48.3	41.0	27.4
Spain	52.0	52.6	54.2	50.9	51.1	44.7	38.5
Sweden	82.5	71.9	81.3	76.1	80.6	84.7	75.6
United Kingdom	61.7	52.6	58.3	67.7	67.1	62.4	42.3
<b>EU-19</b>	<b>59.5</b>	<b>51.1</b>	<b>58.2</b>	<b>63.2</b>	<b>59.4</b>	<b>55.2</b>	<b>41.2</b>
<b>OECD average</b>	<b>61.5</b>	<b>51.9</b>	<b>61.3</b>	<b>66.3</b>	<b>60.6</b>	<b>57.0</b>	<b>44.0</b>

Source: OECD **8**

#### German women like part-time work

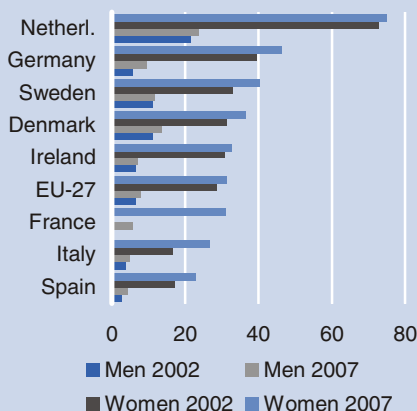
40% of women in paid-employment work part-time in Germany

75% of mothers in Western Germany

43% of mothers in Eastern Germany

#### Women want to work, but not too much

Share of part-time workers in total employment, %



Source: Eurostat, Labour Force Survey **9**

#### Flexible hours and part-time work: High and increasing demand...

With 40% of working women, aged 25-54, in part-time employment (34 hours or less per week), Germany has one of the highest incidences of female part-time employment (see figure 9). Similar figures are found in the UK, Japan, Australia and Switzerland, the highest in the Netherlands at about 60%, whereas the EU-19 averages 29%<sup>44</sup>. Apart from its high incidence, part-time work in Germany is also characterised by its low intensity: more than 20% of women aged 20-54 work less than 20 hours per week (see figure 4 for the rest of the hour distribution).

In Germany as in most countries, the share of part-timers among women in paid employment is increasing. Sometimes, a woman is forced into part-time employment because there is no full-time position available. However, part-time is by and large connected to family responsibilities (also partly related to the current shortage of childcare facilities): as much as 89% of female part-timers in Western Germany opted for part-time work for family reasons, 50% in Eastern Germany<sup>45</sup>.

Mothers are especially attracted to a part-time work arrangement. One-third of employed mothers work part-time in the OECD area, compared with about 75% of employed mothers in Western Germany, but only 43% in Eastern Germany<sup>46</sup>.

#### ... but the image is only slowly improving

The employers' response to the preference for part-time work is ambiguous. On the one hand, part-time work is recognised as a way to smoothen the reconciliation between work and family life, hence as a key to retain the parents. Given it is in high-demand, most companies see part-time work as a necessary aspect of a family-friendly policy. According to a recent survey<sup>47</sup>, more than three-quarters of businessmen and HR heads think that senior management can also benefit from flexible hours and part-time arrangements (in 2003, 43% were of this opinion). Some recognise how much an asset returning mothers can be: they are refreshed after a break from work and eager to make a good re-start. Hence, they are

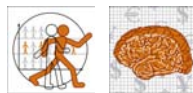
<sup>44</sup> Source OECD.

<sup>45</sup> Federal Statistical Office.

<sup>46</sup> German Federal Statistical Office (2005).

<sup>47</sup> Conducted for the Federal Ministry of Families Affairs in 2006.

### Reducing the “hidden brain drain” of the skills of women in part-time work



highly motivated, even, or especially, with a part-time arrangement. There is an additional factor for the qualified jobs, especially those with managerial responsibilities: given the number of hours these part-timers have between leaving work and going to sleep, they end up thinking of work, and potentially solving problems, more often than others after “leaving work”. This is without mentioning the time potentially spent on the phone or even checking e-mail, afternoons or evenings when children allow it, to “catch-up” with their colleagues working “normal hours”.

In practice, however, part-time work is still too often regarded as a dead-end street, which prevents transition into a positive career path. Employees who seek flexibility are too often seen as less committed to their jobs and relegated to less qualified positions, and superiors also often fear higher costs for coordination. A study conducted in the UK<sup>48</sup> investigating women’s transition from full-time to part-time work identified that women remaining with their current employer are less likely to experience downgrading. They conclude that the key to curbing this “wasteful and inappropriate under-utilisation of skills” is the greater availability of opportunities for part-time within women’s existing jobs. They question whether the constraints on the creation of good part-time jobs is only structural or due to managerial conservatism.

Companies have a big role to play in raising the profile of part-timers and endorsing time-off. Company cultures are crucial in setting the pace of work, and senior executives should think carefully about the work behaviours they are rewarding, encouraging or requiring (possibly task-based rather than time-based). Recognising part-time working as a valid (maybe temporary) career path, and allowing the switch to full-time working and vice-versa, for both women and men can be very helpful, considering sabbaticals as normal as well.

### Beyond parenting

These options will benefit parents, but also all employees who have elderly or sick relatives requiring care, or those who wish to invest time in education or other endeavours. Both categories of employees are growing in number. Indeed, the influx of elderly baby-boomers will increase the need for elderly care. And in a knowledge-intensive, innovation-based economy, continuous education is key to success. Opportunities for education and risks from lack of it are more evident.

### ***In the future: More mothers at work, more flexible work models, and a new organisation of time over working life***

We have discussed in Section 2 how historical data and expected trends point to a future world where, all in all, it will be easier and more normal to have a greater synergy between work, family, and private life. At the same time, we expect that part-time work will gain in recognition and that flexible, atypical, career paths will become normal in a growing project economy. These are two big advantages for mothers.

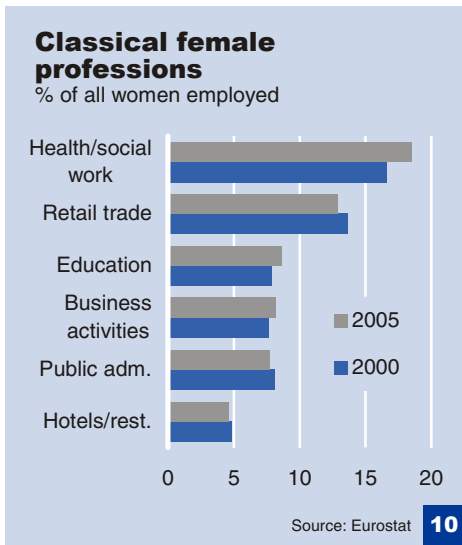
We are already witnessing an increasing number of women in paid employment. More men, on the other hand, are in discontinuous employment, mostly through higher professional mobility (including shifts between self-employment and salaried employment) or unemployment. (We expect an additional reason in the future to be paternal leave and sabbaticals.) So, a growing number of men already have a typically “female” work pattern, with truncated periods of work activity, and we expect this tendency to strengthen.



### The gap between female and male biographies is closing

<sup>48</sup> Connolly and Gregory (2008).

**Changes to traditional gender roles and the demands of work are forcing a rethink of conventional work-life patterns**



**Female shares of employment: 80% in health and social work, 70% in education, 60% in retailing**

**“EU fails potential of highly qualified women scientists”**

Indeed, individuals in general are increasingly calling for a better quality of life, while employers require greater flexibility in the workplace in a growing project economy. In response to these changes as well as to the need to secure sustainable pensions, European political and social agendas are increasingly focused on improving labour supplies and flexibility for companies, increasing the employment rate of female and older workers, enhancing employability through better life-long learning, and meeting society’s care requirements. As a result, there is increasing support for a redistribution of working time over the life course. As retirement age is raised, thus prolonging working life, policymakers can ensure that, in exchange, more paid leave is accessible during the “stress” phases of life, including, for both parents, the “rush-hour” phase, the stage of life when small children are in the household. This new distribution of time can allow for improved conditions of work, enhanced private life and family care, and better access to training or volunteering.

“Time accounts” are part of the solution<sup>49</sup>. They are already fairly widespread in Germany (in effect for close to half of Germans in paid employment), or Denmark: overtime is not paid but compensated by extra days’ leave. Calculating normal working hours not on a daily or weekly basis but over a longer period of time increases employees’ time sovereignty and can also serve the needs of the employers. The spread of such flexible work arrangements and interrupted biographies can go a long way in attracting more mothers to paid employment in the future.

**3.2 Concentration in sectors of employment**

In Germany as in the rest of EU-25, six sectors of activity (out of a total of 62 sectors) employed just over 60% of all women in paid employment in 2005 (see figure 10). These six sectors, however, accounted for only 31% of men in employment. For men, the degree of concentration is much less than for women, with the six most important sectors employing 39% of men (and 33% of women) in work in Germany in 2005 (see figure 11). As a result, in some sectors, jobs are mainly filled by women, in others by men.

The degree of concentration of women’s employment in the top 6 sectors of activity seems to have risen in the recent past, if only slightly, and more than men. This is due, to a large extent, to the growth of jobs in health and social work, and to a lesser extent, to the growth in education and business activities. As these sectors are expected to continue growing – in the health sector even rapidly – and require more typically female soft skills, the share of women in these sectors should stay very high, as more women take on paid employment. The downside is that women are under-represented in some sectors crucial for economic development and usually well remunerated, for instance Science and Technology.

**Science and technology: Large gender gap, set to narrow**

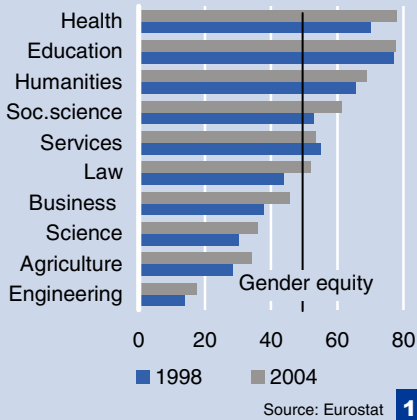
In 2004 in Germany, 43% of personnel in the science and technology field were female (around 50% for Europe). But only 29% of the scientists and engineers in Europe are women, 22% in Germany<sup>50</sup>. It is especially a concern that women are so poorly represented among scientists and engineers, as it is a group of particular interest in the science and technology workforce: people in that group are more likely to be involved in leading-edge technology in

<sup>49</sup> See European Foundation for the Improvement of Living and Working Conditions (2003), Wotschack et al. (2007), Rollwagen (2007).

<sup>50</sup> Eurostat 2006 (2004 data) for this section.

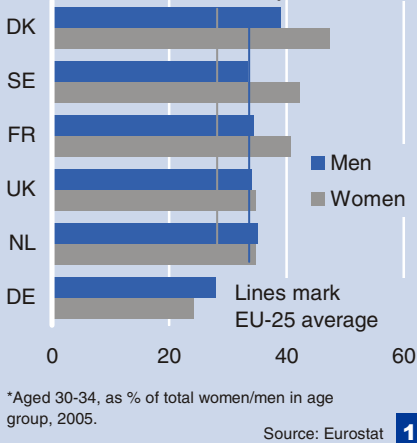
**Growing overall, but gender bias remains high**

Graduation of women in tertiary education, % total students

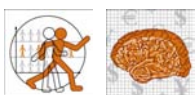


**Not enough female students in German universities**

Women and men with tertiary education\*



**It makes sense to start early**



**Female researchers expected to increase in numbers**

physical, mathematical, engineering, life-science and health occupations.

Women are also under-represented in the field of scientific research. Although they make up more than 50% of EU students and earn 43% of EU doctoral degrees, women account for a greater proportion of the technician jobs than they do for the research posts. Women researchers are still a minority in the government and higher education sectors, even more in the natural science and engineering fields, and especially in the business enterprise sector (BES), which tends to be more lucrative. In Germany in 2001, the BES accounted for 70% of total national R&D expenditure, and women only represented 10% of all researchers in this sector (lowest in European context, shared with Austria). Women also rarely make it to senior academic decision-making positions (15% on average in the EU): with 9% of women in senior academic positions, Germany is one of the few countries not to reach 10% (along with Belgium, the Netherlands, Austria and Malta).

Lack of gender awareness, persistent gender stereotypes, predominantly male decision-making bodies, and insufficient support from networks with respect to women’s career advancement are some of the reasons for women’s under-representation in science and research, and in reaching the top decision-making level. Dr. M. Jochimsen, the secretary-general of the European Platform of Women Scientists<sup>51</sup> argues that promoting gender mainstreaming and increasing transparency in scientists’ recruitment processes can help the EU to recruit the 700,000 additional researchers it needs to achieve the Lisbon goals. Special measures can help to attract more women to academia, such as family-friendly changes in institutional policies, including stopping the tenure clock for faculty members with young children, and providing a childcare allowance for scholars who bring their children to conferences. Top American universities have started “recruiting families” as the spouse’s situation is a main reason why professors leave or refuse tenured positions<sup>52</sup>.

In order to interest more girls in math and science, the role of early education in deconstructing stereotypes should not be underestimated. It is at a young age that mental prejudices start, with the potential to negatively affect some girls throughout their lives. Initiatives like “Girls’ Day” can have a far-reaching impact.

**Future outlook**

- Europe needs more scientists and researchers to achieve scientific and technological excellence. This need is becoming more acute due to the increased knowledge-intensity, the rising pressure to innovate and the growth of technological fields (like bio-tech, micro- and nano-technologies).
- In parallel, more women are graduating in science subjects: see figure 12 for the comparison 1998 to 2004. Latest data from the Statistical Office also show that female enrolment in engineering education in the winter term 2007/2008 was 13% higher than in the previous year (compared with 8% for male enrolment). This higher growth of female enrolment in engineering studies is likely to strengthen, as universities need to counter the demography-

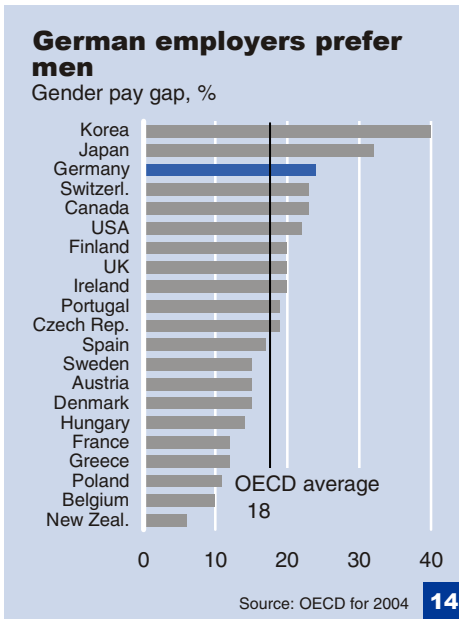
<sup>51</sup> The European Platform of Women Scientists (EPWS) was legally established as an international non-profit organisation in Brussels in November 2005 as part of the Science and Society Action Plan, which contained a series of actions to promote gender equality in science.

<sup>52</sup> See Wu (2007).

related scarcity of students. They are increasingly taking steps to attract women (and immigrants)<sup>53</sup>. More broadly, education levels of women have risen by more than men in Germany in line with the EU, although the share of women having tertiary education in the 30-34 age group is significantly lower in Germany alongside with the same observation for men (Germany vs. Europe) (see figure 13).

- The European Commission is promoting measures specifically aimed at encouraging women to take part in European research.

We thus expect a decrease in the gender gap in science and technology.



### 3.3 Gender pay gap: Slow to close

“Overall, despite their better educational attainment, women’s careers are shorter, slower and less well-paid: it is clear that we need to do more to make full use of the productive potential of the workforce”. (EU Equal Opportunities Commissioner Vladimir Spidla as he presented the Commission’s latest report on gender equality in January 2008)

#### Highest in Germany, stagnating overall

Across the EU economy, women continue to earn an average of 15% less than men. Germany has one of the largest gender pay gaps at 24% (see figure 14).<sup>54</sup> Statistics show that the pay gap grows with age, level of education and years of employment, and tends to be wider for high-income workers. And, most worrisome, the pay gap is hardly decreasing any more. Leading researcher into gender and pay (and economist at Cornell University), Francine Blau comments on the historical development: “Nothing happened to the pay gap from the mid-1950s to the late 1970s. Then the 1980s stood out as a period of sharp increases in women’s pay compared to their male counterparts. And it’s much less impressive after that.” The reasons for the stagnation are complicated and appear to include both discrimination and women’s own choices: either women are forced, by lack of childcare for instance, to choose jobs that pay less – or to stay at home, or they consider money a top priority less often than men do.

#### A complex issue with multiple causes

One of the main causes is (vertical and horizontal) occupational segregation and the way women’s competences are valued compared to men’s.

1. Jobs requiring similar qualifications or experience tend to be paid less when they are dominated by women than by men (e.g. nannies vs car mechanics or supermarket cashiers vs warehouse workers).
2. The pay gap also reflects difficulties in reconciling work with family life, especially in Germany: greater recourse to part-time work and career breaks often negatively impact women’s career progression (see Section 3.1).
3. Women also encounter more obstacles and resistance as they proceed along their career paths, including discrimination affecting earnings: women tend to be paid less than men for the same job, even with same qualifications and same amount of

#### Causes of gender pay gap:

1. gender difference in work force composition
2. interrupted career
3. discrimination

#### Mothers’ earnings by age 45 are 60-70% of non-mothers’ earnings!

A comparison of the earnings of women with children relative to childless women and to men in eight countries showed that mothers in Germany and the Netherlands earned only 56-74% of non-mothers’ earnings by age 45. At the other extreme, mothers in Nordic countries earned 82-89% of what non-mothers have earned.

Signle-Rushton, W. and J. Waldfogel (2006) “Motherhood and women’s earnings in Anglo-American, Continental European and Nordic Countries”, Conference on cross-national comparisons of expenditures on children. Princeton University, 7-9 January.

<sup>53</sup> See Defke (2008).

<sup>54</sup> The gender pay gap is defined as the difference between average gross hourly earnings of male paid employees and of female paid employees, as a percentage of average gross hourly earnings of male paid employees.

experience. But given that discrimination is tricky to observe and measure, it is difficult to evaluate its contribution to the gender pay gap<sup>55</sup>.

Overall, the pay gap is wider than average in private sector companies. The sectors most affected are industry, business services and the financial sector<sup>56</sup>.

**A range of negative consequences**

The persistence of the gender pay gap is a sign that women continue to be affected by direct and indirect discrimination and inequalities in the labour market. It also prevents them from realising their working potential. The pay gap has a major impact on the status of women throughout their working lives and beyond: it is an obstacle to equal economic independence and has an inevitable impact on individual choice, with respect to work patterns and the sharing of domestic and family responsibilities. Women are at greater risk of poverty, and it exacerbates this risk, especially for single-parent families. Its effects can be felt even after retirement, when the pay gap becomes a pension gap. This problem is particularly acute given the high presence of elderly women living alone, due to higher life expectancy.

**Concerted efforts expected to help gradually in the future**

The pay gap can only be tackled via action at all levels, involving all stakeholders and addressing in parallel all the factors that cause it. As it increasingly becomes also a father's concern, as demand increases for openness, creativity and caring skills and as women increase their share of employment in key sectors like science and engineering, we expect the gender pay gap to decrease in the years to come. In parallel, political intervention will help as well: tackling the gender pay gap is now a political priority for the European Commission. Efforts are under way to improve the legislative framework and its implementation, to exploit to the full the European strategy for growth and jobs, to encourage employers to respect equal pay, and to support the exchange of good practice at Community level<sup>57</sup>. But initiatives within Germany itself are also required to tackle this multi-faceted issue. It is lamentable how little attention the pay gap gets in public debate or on the policy agenda. The first "Equal Pay Day" on April 15th 2008 was a good start but needs many follow-ups.

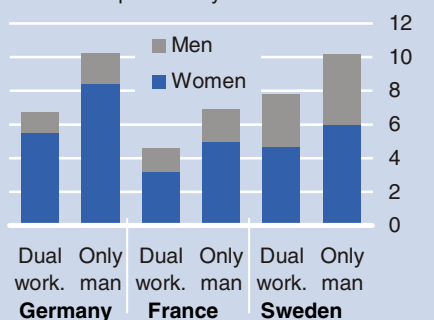
**Urgent action is necessary, also because of the pension gap**



**The pay gap is set to decrease in the future economy if all work on it**

**Women always work more at home, especially in Germany!**

Hours of unpaid family work



Source: European Quality of Life Survey for 2003 **15**

**Family-work systems: more encompassing**

**3.4 Household work and stay-at-home parents to be valued**

Although women's participation in the labour force is increasing substantially, gender differences appear to persist in the division and amount of unpaid family work. For this reason, an increase in women's labour force participation often results in an increase in their total workload.

**Recognising the combination of paid and unpaid work...**

The concept of family-work systems includes the idea that, within households, there is demand not only for income, but also for unpaid family work. This concept was developed by feminists in the 1970s to encompass all those activities, performed for free for the

<sup>55</sup> OECD (2007).  
<sup>56</sup> Source: Eurostat: Structure of Earnings Survey 2002.  
<sup>57</sup> For more on this, see "Tackling the pay gap between women and men", Commission of the European Communities (2007).

**“Part-time women” work longer hours overall than “full-time men”**



**At home-parenting has monetary value...**



**...even more if combined with community service**

**An opportunity for Germany to value both parent and worker**

**Support for returning mothers**

family by a family member, which are necessary for the family to function adequately. It includes housework, shopping, administrative work (dealing with utility services, banks, health services, schools, etc.) and caring work (children, the elderly, or sick people). Women do daily family work more often than men. The extent of the gender difference is particularly high in Germany (see figure 15).<sup>58</sup> Recent data<sup>59</sup> also show that when both paid and unpaid work is taken into consideration, women in part-time paid employment work longer hours overall than do men who work full-time.

### ***... and the contribution of home-parenting***

Even if their number is on the decrease as it becomes easier to reconcile work and parenthood in Germany, there will always be “stay-at-home parents” and their contribution to society in economic and non-economic terms should not be underestimated, be it for parenting their own children or services to the community. The work people do at home has monetary value, and is a direct input to our national well-being and productivity. For those keen on valuing work according to effort expended: stay-at-home parents do not necessarily have it easier than their counterparts in paid employment. Many mothers having experienced both full-time parenting and paid-employment can tell how relaxing it can be to just focus on paid work, even in a demanding job, without constant multi-tasking, and frequent interruptions from a child eager to learn, experiment, play, or simply needing her mother. How much fulfilment one can get by “just” focusing on one’s paid work and “owning one’s mental space” should not be forgotten.

Additionally, those parents who opt against paid employment are usually the most active in community service, in kindergartens, schools, churches, etc. In a stakeholder society, these activities will grow in importance and get more recognition.

### ***Allowing the switch from paid-employment to home-parenting...***

We still hear too much about “Rabenmütter” in Germany. At the same time, in the name of human capital and addressing the demographic challenge, it is becoming fashionable to look down on mothers who opt against paid work for an indeterminate amount of time. As discussed, there are many reasons, both economic and social, to promote female employment: to provide the right incentives and give mothers the opportunity to be as successful in their career as their male counterparts, if they wish to. But going back to work must be a real choice. Not “yet” in Germany but in most countries with high maternal work participation, mothers and fathers who stay at home, even if temporarily, to raise kids often feel worthless compared to those who work in “careers”. Germany has an opportunity not to pursue that route.

### ***... and a smooth transition back to paid employment***

In fact, after several years at home, some of these mothers are interested in resuming paid employment but face special hurdles. At home, the whole family needs to adapt to not having the mother constantly available. In the workplace, many employers do not recognise the skills these women have gained while on maternal leave (multi-tasking, negotiation skills, time management, etc.). On the

<sup>58</sup> It must be mentioned that the data do not distinguish between full-time and part-time work, the latter being particularly frequent in Germany.

<sup>59</sup> Parent-Thirion et al. (2007).

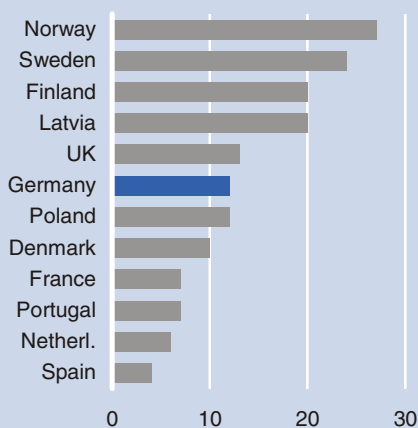




**Future Germany: parenthood and work-life both valued and entwined along the life-course**

**The very top is very male**

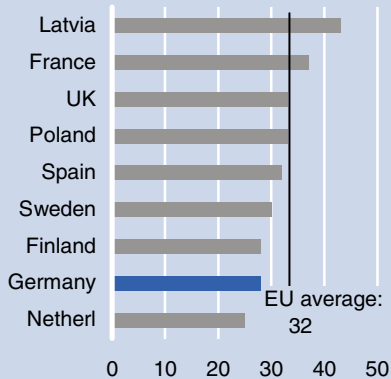
Share of women in boards, %



Source: European Commission for 2006 **16**

**Few female managers in Germany**

Share of women in managerial position, %



Source: Eurostat for 2004 **17**

**The top is slowly becoming more female**

Proportion of senior managers who are women, %



Source: IAB **18**

contrary, they fear that these women have missed too much in terms of the latest professional and ICT developments and that they will not be able to catch-up. Special programmes (such as continuous education during extended parental leave, support for a job-search if required) can go a long way in facilitating their return. These women often have 20 years or more of their working lives in front of them<sup>60</sup>, and are therefore not halfway through their careers. They are far from it if they have pursued higher education. It is in everybody's interest to support them in their desire to resume paid employment. The federal ministry for families is now taking measures in this area<sup>61</sup>, crucial for economic development and gender equity. There is a long way to go.

In the future, we expect a more equal distribution of work between men and women, both in the workplace and at home. As we move towards greater personal responsibility and more participation, we expect both the parent and the worker to be valued in Germany. And this for both parents: mother and father. In a project economy, it will also be more common for all, therefore easier for both parents, to move back-and-forth between full-time worker, part-time worker, and "house-person".

**4. Women in power: Potential still to be tapped**

Would the world be better served by a more equal gender distribution in management and politics? For instance, if women and men were really equally represented at your next management or board meeting, what would it mean for the meeting's discussions and conclusions? Would it make a difference?

**4.1 Women in senior positions**

**Board members of large German enterprises: 1 in 8 is a woman**

Only three European countries have more than 1 female in 5 board members among the largest 50 enterprises in the country: Norway, Sweden and Bulgaria. At 12%, the German ratio is around the European average. In more than half the countries, the ratio was less than 10% (see figure 16).

**One-quarter of senior managers are women**

28% of senior managers in private sector companies in Germany are women, and this number is increasing very slowly (see figures 17 and 18). This is not a good performance on the European scene. Most central and eastern European countries rank above average, as well as France and the UK. Surprisingly, the proportion of women in managerial positions is below average in the Nordic countries.

Looking more deeply at the German numbers<sup>62</sup>, we find out that the slight increase between 2000 and 2004 does not apply to all sub-groups. The proportions of females among top executives, in full-time senior positions, and in the age-group 30 to 49 years of age have not increased. More worrisome, the proportion of mothers among senior managers has even decreased, by 5%. This suggests it is particularly difficult for managers to reconcile work and family

<sup>60</sup> According to a survey conducted by the Federal Agency for Work in 2006, 80% of the returning mothers were under 40.

<sup>61</sup> See "Aktionsprogramm Perspektive Wiedereinstieg" on the bmfsfj website.

<sup>62</sup> See Kleinert (2006).

life. More often than their male counterparts, female senior managers live either alone or with a career-oriented partner, and are without children: in 2004, only 32% of female senior managers had children at home vs 53% of their male counterparts.

### ***Labyrinth instead of glass-ceiling***

According to Eagly and Carli<sup>63</sup>, it is not the glass ceiling which prevents women from making it into the C-suite, it is the sum of many obstacles along the way. Given the various complex challenges women typically face in their leadership journeys, Eagly and Carli suggest the labyrinth as a better metaphor than the glass ceiling. Even when women reach positions of greater power and authority, they increasingly find themselves in gender-imbalanced groups, and some find themselves, for the first time, seriously marginalised. The following assessment from Dominique Sénéquier, President of the Directory Board, Axa Private Equity, certainly applies to some of her male counterparts: “Men recognise the value of women when they are at the bottom of the ladder. Higher up, they find it necessary to find faults with them.” But in fact, the problem can be present at any level.

### ***Persistent effort required on several fronts***

The political commitment to promoting more women to senior management positions in the private sector represents a positive step. However, it must be followed by concrete solutions and support mechanisms at company level. On top of establishing family-friendly HR practices (flex time, support with childcare and home-office, etc.) and encouraging fathers to participate, companies can design transparent evaluation processes focusing on results rather than “number of hours at work”, provide women with demanding developmental job experiences, and give mothers a couple more years to prove themselves. Mentoring by senior well-regarded (often male) individuals has also proven useful for women to help counter their lack of time for socialising with colleagues and building professional networks. Raising the profile of female leaders in the organisation is also essential in helping young women to identify with (all too rare) role models. Since when outnumbered, women tend to be ignored by men, it also makes sense to avoid having a sole female member on any team<sup>64</sup>.

### ***Diversity at the top pays off***

Companies' efforts to ensure diversity at the top seem to pay off, although it is hard to prove causality: companies willing to have women in top positions may have already profited from overall progressive thinking and actions. Firms with women in the boardroom perform better, according to several recent studies<sup>65</sup>. The same conclusion is reached for Danish companies with women in top management.<sup>66</sup> The authors add that financial results should only be one part of the argument for realising an equal division of power. As corporate environmental and social responsibility are increasingly valued by internal and external players, they expect, in the future, a company's competitive power to be based on more than good earnings. One reason why companies with more women at the top outperform others is that they bring a fresh way of

#### **Walls all around:**

##### **The career barriers women encounter**

- Prejudice: Men are promoted more quickly than women with equivalent qualifications, even in traditionally female settings such as nursing and education
- Resistance to women's leadership: People view successful female managers as more deceitful, pushy, selfish, and abrasive than successful male managers
- Leadership style issues: Many female leaders struggle to reconcile qualities people prefer in women (compassion for others) with quality people think leaders need in order to succeed (assertion and control)
- Family demands: Women are still the ones who interrupt their careers to handle work/family trade-offs. Overloaded, they lack time to engage in the social networking essential to advancement

Source: Eagly and Carli (2007)

#### **Companies wanting more women leaders need to counter the barriers on all fronts**

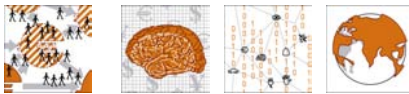
#### **Women in management make a difference that can be seen on the bottom line**

<sup>63</sup> See Eagly and Carli (2007).

<sup>64</sup> See Eagly and Carli (2007).

<sup>65</sup> See Desvaux et al. (2007) – Also a recent study by Goldman Sachs.

<sup>66</sup> A study by professor Nina Smith of the Aarhus School of Business. See Larsen (2007).



**The future leader: soft skills in higher demand**

**Power has been shifting to leaders with a lighter touch**

The CEOs now at the top of Fortune’s Most Powerful Women list – eBay, Xerox, Kraft, PepsiCo – are tough but take care to show their soft side. This is not just a woman thing. America’s most admired male CEOs – of General Electric, Procter & Gamble, and HP – know how to take a swath to costs but also know how to exercise empathy like their predecessors never did. It’s no coincidence that all these guys have women execs on Fortune’s Most Powerful Women list. They are comfortable sharing power with strong women.

Source: Sellers, 2008



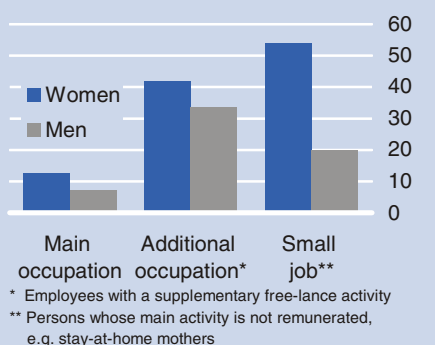
**Future: slow increase in the number of “women at the top”**



**SMEs: a nice fit with the project economy**

**More and more women choose self-employment**

Change 2005 vs 2000, %



Source: Federal Statistical Office **19**

assessing, and are prepared to ask fundamental questions about business processes. This is particularly useful in a time when successful managers have to ask the right questions rather than providing answers.

**The top will be more female in the future**

We already discussed in 3.1 the importance of creativity, openness, interpersonal and cooperative skills. As companies increasingly need to be “as nimble as change itself, innovative from top to bottom, and awe-inspiring places to work”, strategy expert G. Hamel lists the qualities that create value in the 21st century: “Nerve. Artistry. Elan. Originality. Grit. Non-conformity. Valor. Derring-do.”<sup>67</sup> He contrasts them with “the human qualities modern management was designed to foster and reward: Self-discipline. Economy. Orderliness. Rationality. Prudence. Reliability. Moderation. Fastidiousness”. Another recent study<sup>68</sup> identified “integrative thinking” as the skill which sets apart great leaders: the ability to consider opposing ideas, synthesise them and come up with an entirely new, and better, idea. This change of skills required at the very top is likely to benefit women.

We do expect more female managers in Germany in the future, as more women take on paid employment, demonstrate higher levels of traditional “hard” or “male” skills through broader education, and as the demand for more “female skills” increases, especially at the top. Although these changes are likely to favour women managers, the natural route to equity at the top is likely to be long and strenuous. Some intermediate help, like mentoring, efficient female-friendly networks, or even positive discrimination may be required to ensure a speedier process towards greater equality at the top.

**4.2 Women as entrepreneurs**

In the future project economy, companies will increasingly need to rely on new, flexible forms of cooperation, in order to respond to the demands of a more complex environment. Given their relative flexibility and regional connectivity, SMEs are expected to thrive in this environment.<sup>69</sup>

**Less than one-third of entrepreneurs are female**

In 2006, 40% of start-ups were created by a woman<sup>70</sup>. Women entrepreneurs make today around 29% of the total of self-employed people in Germany. This is three times more than in the 1970s. However, when one factors in the increases in overall female employment and levels of education, this share is still very small. Self-employed women represent 7% of the total of women in paid employment, whereas the equivalent figure for men is 14%<sup>71</sup>. The reasons are multiple and include:

- lower level of support from the partner (female entrepreneurs do not have a wife at home),
- smaller own starting capital (especially for mothers, due to interruptions in paid-employment) and
- potentially fewer connections, for the same reason.

<sup>67</sup> See Hamel (2007).

<sup>68</sup> See Martin (2007).

<sup>69</sup> See Hofmann, Rollwagen, Schneider (2007) and C. Linnemann (2007).

<sup>70</sup> See Kohn and Spengler (2007).

<sup>71</sup> Federal Statistical Office, 2004.

The motivations for women to make the jump to self-employment are the desire for initiative and self-fulfilment, the desire for increased control over one's schedule, as well as the limited career opportunities for women in a male-dominated corporate world<sup>72</sup>.

**Women-led SMEs tend to be smaller, more in the public sector, and more in the service sector**

In comparison to men-led SMEs, those led by women are more likely to be smaller (and more often with no employees), public sector institutions rather than private companies, and operating predominantly in the following sectors: health and welfare, private services (gastronomy, laundry, cosmetics) retail and wholesale trade<sup>73</sup>. Women-led SMEs also operate more frequently on a part-time basis, either as a small job (e.g. for housewives or students), or as a side-occupation (on top of regular employment). When one combines both, one in three self-employed women works part-time.

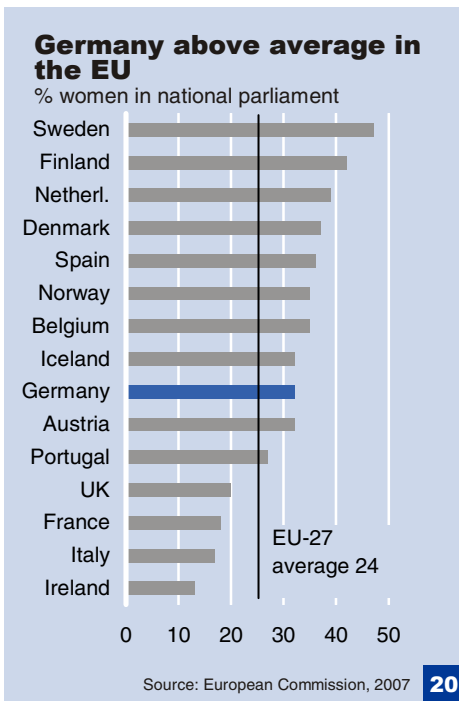


**Further growth of female entrepreneurship**

**Future: Further growth**

For the future, given the growth in the service (especially in care) and knowledge-intensive sectors, we expect women-led SMEs to still be relatively small and predominantly in the service sector. Overall, the strong growth of female entrepreneurs is likely to continue.

- On the downside the motivations mentioned above are expected to be less valid in the future. Both desires for initiative, and control over one's schedule, are more likely to be fulfilled in a project economy even without being self-employed. We also expect the corporate world to be more gender-balanced.
- However, we anticipate the challenges faced by women considering entrepreneurship mentioned above to decrease in a more gender-equitable society with higher female employment. With more time in paid-employment, women are likely to have an easier time amassing some capital and gaining the knowledge, know-how, and contacts required to start and run a successful business. The growth in IT is also expected to help in these respects. The spread of female networks is also a boosting factor, especially as a first step, before women have a chance to succeed in the traditional, often male-dominated networks. We also expect an intensification of government efforts to promote self-employment among women, such as Gründerinnenagentur, the national agency for women starting a business<sup>74</sup> (a joint initiative sponsored by the Federal Ministry for Family Affairs and the Federal Ministry of Economics).



**4.3 Women in politics**

Times have changed since President Richard Nixon explained why he would not appoint a woman to the U.S. Supreme Court: "I don't think a woman should be in any government job whatsoever, mainly because they are erratic. And emotional. Men are erratic and emotional, too, but the point is a woman is more likely to be." But while the participation of women in political life has increased significantly across Europe, their representation is still far below that of men.

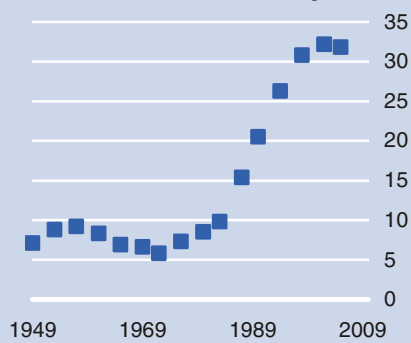
<sup>72</sup> DIHK Ökonom Nitschke in Teitz (2007).

<sup>73</sup> See Brader and Lewerenz (2006).

<sup>74</sup> See Federal Ministry for Family Affairs (2007).

**Base-camp, or the summit?**

Women's share in the Bundestag, %



Source: Federal Statistical Office

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**Women make up one-third of the Bundestag, and of senior ministers<sup>75</sup>**

With women making up 32% of representatives in the national parliament in 2007, Germany is surpassed only by the Nordic countries, the Netherlands, Spain and Belgium. Only Sweden has close to 50% female representation (see figure 20). In spite of considerable improvements in the last 20 years, with a sharp increase in the nineties, the increase in women's share of the Bundestag has stalled (see figure 21).

Similarly, in national governments, Austria is the only country in Europe where women made up over half of senior ministers in 2006 (now there is also Spain). In Sweden, Norway and Finland (and now in France), women accounted for around one half (mostly reflecting a deliberate policy on gender balance), and around one-third in the UK and Germany.

In the majority of countries, female representation is slightly higher among junior ministers, with Germany at the top, with two-thirds.

In general, the ministries women have responsibility for tend to be those dealing with socio-cultural activities and infrastructure, rather than economy, internal and foreign affairs, defence and justice.

**Länder parliaments: Female representation highest (40%) in Brandenburg, Berlin and Bremen**

As of March 2008, on average, one-third of members of Länder parliaments were female.

Across the EU, the lack of gender balance among politicians in governments is mirrored by a similar or even bigger imbalance among civil servants. Women made up half of senior civil servants in Sweden, but under 10% in Germany<sup>76</sup>.

**Only 5% of mayors are female<sup>77</sup>**

The under-representation of women in local affairs is even more acute than at the national level (see figure 22). According to the mayors themselves, the two main reasons for this imbalance are the difficulties in reconciling the position with family life and the male-dominated power structures, which make it more difficult for women to find their way.

**More female political participation expected in the future**

We anticipate a higher participation at all political levels in the future. This improvement will be driven by three factors.

- The overall increase in political engagement is expected to continue. In 2004, 10% more people claim to be socially active compared to 1999, and the survey shows that this growth applies mostly to women.<sup>78</sup>
- A more balanced distribution of work in the household between the two partners will free up more time for women to engage in political activities.
- We expect a deliberate effort to match society's diversity in government to intensify.

**Female mayors hard to find**

% mayors who are female



\*Thousand inhabitants. Source: FGW, 2007

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<sup>75</sup> Source for this paragraph: Destatis.<sup>76</sup> Federal Statistical Office for 2006.<sup>77</sup> Source for this paragraph: FGW Telefonfeld.<sup>78</sup> Voluntary Survey from the Federal Ministry of Family Affairs, as well as Hofmann, Rollwagen, Schneider (2007).

The increase in female participation is likely to have an impact on the way of doing politics, maybe through more consultative approaches, and through a different set of priorities. Women's political interests tend to be more in the direction of social justice, education and the environment, whereas men are more drawn towards economy, foreign and security affairs. This traditional model may undergo some blurring as higher female participation and engagement in typically male-dominated areas become a reality.

#### 4.4 Women as agents of change

As we have discussed in the previous sections, women are affected by changes in the environment they live or work in, either positively or negatively. However, women have also themselves been bringing about change in many ways and their influence in all walks of life is bound to grow in future Germany.



**Women are bringing about changes...**

**... at home as mothers, breaking stereotypes,...**

##### *Promoting more gender equity on the home front*

Women are a key element of social cohesion. As mothers, they have a major responsibility for future generations and are their children's first role models. In immigrant families, they are potentially important motors of integration, by encouraging their children to mix with the locals, learn their language, etc. Along with schools, mothers have a big role to play in breaking stereotypes in gender disparity around family work as well as choice of professions. Parents have a key role in building a young girl's confidence that she can be as comfortable with computers, as successful as boys in their careers, even in traditionally male-dominated fields, like hard sciences. And, of course, when mothers go to work, they send their children, boys and girls, a strong message.

**... by spreading new ways of doing things in the workplace,...**

##### *Challenging the established ways at work*

As workers, they often have a different way of communicating and relating to others (see 3.1). As they become more prominent in the workplace, they are bound to make a difference in how things are done. Women are also often more sensitive to a decent work-life balance in general, as discussed in 2.1. This constitutes a barrier for ambitious women, but also an opportunity for employers to find better ways to tap the talents of women who will commit to hard work and responsibility but cannot put in excessive hours on a sustained basis.

**... even more so as executives, especially once their number reaches a critical mass**

When they make it up the career ladder, women are in a position to be strong catalysts for more changes to come, in at least two ways. First, women directors have been identified as making three contributions that men are less likely to make<sup>79</sup>. They broaden boards' discussions to better represent the concerns of a wide set of stakeholders, they can be more persistent than men in pursuing answers to difficult questions, and they tend to bring a more collaborative approach to leadership. The same study identified that a clear shift occurs when boards have three or more women. A survey also led to the conclusion that companies with three or more women in top management functions score more highly for each organisational criterion, especially the following: work environment and values, vision, coordination and control, leadership<sup>80</sup>. In 2005, only 76 of the Fortune 500 companies had three or more women on their boards. This shows the potential still to be tapped to fully realise the contribution that women can make to the corporate system.

<sup>79</sup> See Konrad et al. (2006).

<sup>80</sup> See Desvaux et al. (2007).

**Women are driving a stakeholders' society*****As leaders, setting a higher pace towards gender equity***

Secondly, women leaders are also more likely than men to promote other women into the highest ranks of the corporate hierarchy<sup>81</sup>. In addition, more women in high-level managerial positions will certainly have a substantial impact as role models.

In fact, due to their inclination to be more collaborative and representative (for a broader range of stakeholders), women are set to have a more prominent role in shaping the future society, even if their influence in all walks of life is often too subtle and gradual to get noticed.

**New consumer sophistication and sovereignty in 2020****5. Women as consumers**

The consumer market in 2020 will be more sophisticated relative to what we have today and a lot of the changes will be directed by and at women as their spending power and economic independence rises dramatically<sup>82</sup>.

**Women as buyers stay important**

Today, in Germany, women make about 90% of all purchase decisions on fast-moving consumer goods (products that are sold quickly at relatively low cost), 85% of furniture purchases, 70% of small electrical appliances<sup>83</sup>. The share of purchases of consumer goods made by women is likely to stay high, although it will probably decrease as more men share the household chores. A higher percentage of working mothers, hence dual income households, is also expected to lead to a reduction in 'free' time and consequently a rise in the market for "convenience" products.

**Women in the fast lane: buying different cars**

Women in Germany currently buy over 35% of new cars<sup>84</sup>. As women's spending power increases thanks to employment, their share of the decisions made for purchases such as cars and houses is expected to increase. This is also true for financial products, as more and more women take control of their own finances and financial security. More female paid employment potentially means more financial independence within double-income couples. Research shows that money can be an equaliser. However, how the power relation is shaped largely depends on the type of relationship and household spending a couple develops<sup>85</sup>.

**Elderly women, a growing segment**

The "best agers" in general make a broad consumer segment, growing in importance due to their large number and still strong purchasing power. Looking at the oldest among them, most seniors are women. For most of them, especially those who rely on old-age public pension, their standard of living has likely declined drastically since their partner's death. We expect this to improve as women spend more time in paid employment.

**Social consumption more important**

A woman buys not only for herself, but also for the family. This is not expected to change – in fact the 2020 women will influence (and in turn be influenced by) purchasing decisions of an even bigger 'network' beyond their core nuclear family, as connectedness is enhanced through ICT and virtual communities.

<sup>81</sup> See Bell (2005).

<sup>82</sup> This section will be given full justice in an upcoming DB Research publication and we only mention here a few key points. See also Schaffnit-Chatterjee (2007), Hofmann, Rollwagen and Schneider (2007).

<sup>83</sup> See Jaffé (2006).

<sup>84</sup> See Jaffé (2006) and Mays et al. (2006).

<sup>85</sup> See Allmendinger (2008).

**Women as fans drive sales**

Women are early adopters of viral marketing, word of mouth advertising, with a high potential to affect brand loyalty. Web 2.0 and social networks will only drive this trend further. Satisfied women provide the best advertising, being reliable and free. So it can be a huge opportunity for companies and their brands. But it is also a risk, as unconfirmed damaging information can quickly spell the death of a brand.

**The future Germany for, and shaped by, women:**

- lighter double-load
- (much) higher (maternal) female employment rate
- slowly increasing participation in decision-making

**6. Women in 2020 in Germany: Greater gender equity**

Before looking, in Section 7, into the overall implications of all the above, we briefly summarise what we have been discussing. We have described a likely future for, and by, women, based on expected structural changes in the years to come. The core features:

- The growing project economy, combined with increasing knowledge-intensity and digitisation, has resulted in the spread of flexible work models.
- In parallel, mentalities have slowly opened up regarding gender issues.
- The rising pressure of population ageing has driven more conducive family policies. Stereotypes have drastically decreased.
- All this has resulted in a more gender-equitable distribution of both paid and unpaid work. It is now easier for women to handle the double load of motherhood and paid employment.
- This has led to an increase in overall female employment, especially maternal employment rate and, thereby, to an increase in the birth rate.
- As cooperation and innovation have gained importance, soft skills such as interpersonal skills and creativity are searched after.
- Additionally, population ageing and female employment have led to a rapid growth in the “care” sector, still attracting predominantly women (7 ½% of the population is now over 80 compared with 5% in 2008, which means a growth of 53% in the number of Germans above 80, from around 4 to 6.2 million)<sup>86</sup>.
- In parallel, the increase in knowledge intensity and the growth of technological fields have driven higher demand for specialised skills. Female enrolment in science and technology has continued to rise and, through heavy promotion of the field, more women are successfully embracing a career there.
- Women are in higher demand in the workplace and are gradually becoming more valued. This is firstly affecting the dynamics of the workplace, and gradually female real wages.
- Women are also slowly making it to senior positions in higher numbers. In companies where they reach a critical mass at board levels (still a large minority in 2020), they impact the pace of change in the way some things are done: more encompassing approaches to communication, interactions and decision-making. This affects companies’ bottom line, as well as broader performance. The latter is increasingly important in a society putting

<sup>86</sup> The elderly are expected to be fitter in the future but the influx of baby boomers in that age range will drastically increase the need for elderly care for some time.



greater emphasis on corporate environmental and social responsibility.

For those readers who like to relate more directly to people's lives, we illustrate this future world by describing the lives of a few imaginary "typical" women in Germany 2020 (see box).

## Women's lives in 2020

### ***Retired***

80, healthy, Renate had a hard time when her husband passed away a few years ago. Now, her life is back in full-swing, as a member of several associations, running the local choir, and occasionally taking care of the grand-children. She feels very fortunate to be able to afford to go on holiday several times a year. Some of her friends struggle to make both ends meet.

### ***Experienced professional***

Elke, 56, is CEO of a "Mittelstand" company, a leading global manufacturer of ultra-thin wafers used in solar cells. She sits on the board of several companies. She was one of the first to practice 'open innovation'. She understands the potential of global markets and carved out a niche for her company. She has always been 'wedded' to her work and decided to forego having children in favour of her career aspirations. She is a mentor to many young and ambitious women in her company but does not consider herself as a role model. She often wishes she had the same choices as young women do today.

### ***"Flexible" professional***

Stefanie, 43, is a design consultant with an advertising agency. She loves to spend time with her kids (3 and 7) whenever she can. Her husband, Tobias, is self-employed, works from home and shoulders most of the household responsibilities. They have an above-average family income, a high degree of flexibility with regard to their work intensity and they know many others who are in the same situation.

### ***More "traditional" professional***

Melina, 30, and her husband Julian shared the parental leave 50:50 after the birth of their daughter (now 2). Melina, research scientist, is grateful that her main employer at the time allowed her to take her baby to work as soon as the boy turned 6 months. She could then resume her previous occupation part-time: nursing her child was not more an issue in the office than at home from where she frequently worked. Julian, executive in a multi-national, is often away on business. This is hard on Melina, especially whenever one of her project deadlines is approaching. She feels good that Julian was able to decline a top job in an Asian location without killing his career prospects. They may accept a future opportunity when Melina has acquired more contacts abroad.

### ***Slow adjuster to a changed economy***

Silke, 35, works at the local supermarket. For her, there was no ambiguity about going back to work right after each paid maternal leave. Her partner, Leon, works as a construction worker on temporary projects and his fluctuating salary, even combined with child benefits, would not be enough to cover their needs. Silke tries anything possible to augment their income, even "undeclared". For instance, she brings back "almost expired" food from the supermarket to re-sell it within her network. Both children (now 4 and 7) adapted well to the local child-care facility. Organisationally, life is becoming more hectic as the children are entering school because their school is one of the few left in Germany which is not a full-day school. Silke and Leon have now decided to invest in further education to improve their chances of a better future.

### ***Student***

Clara, 25, is close to finishing her doctorate on non-invasive medical diagnostic techniques. With her 2 colleagues from her engineering school, she has a start-up company, funded by seed money from the EU and the German Government for young entrepreneurs. She does not intend to work for a big company and feels she is a pioneer in many ways. Unlike her mother who followed the traditional route study-job-children-dead-end job, she wants to start a family now and trusts that everything will work out fine.

## 7. Implications

*“When women joined the labour force, it fundamentally changed the structure of the family. But the labour market structure did not change in the same fundamental way. It is now time for this part of society to be updated, so that it helps support being a modern person with a wealth of options. The labour market, in other words, must grow up and accept an adult responsibility for ensuring that all the parts form a synthesis for the good of all. Instead of acting like a self-centered teenager who expects the world to revolve around him – or her!”<sup>87</sup>*

### **Gender equity: a long way to go worldwide...**

Real progress will be achieved when women are not forced to choose between caring for a family at home and maximising their career opportunities in a workplace that measures performance by the number of hours put in; when part-time work is considered a valid option on the career track, and when time off to raise children, be it a year or two, is no more than an interruption on the career path, without further stigma; when fathers increasingly participate on the family side, so that today’s predominant family models (father working full-time and mother either staying at home or in part-time employment) move towards a more balanced model where both careers may be slowed down (to care for a growing family), but not curtailed; when “career slowdown” will be normal, for both parents. It will be a real advance when women will not longer be in a minority in decision-making positions, be it in the corporate world or in the political realm; when their salary will be equal to men’s, for the same work.

### **... but the road is particularly long and strenuous in Germany**

In 2008, Germany’s performance in gender equity is relatively poor in the international context in most dimensions (very low maternal labour participation, huge pay gap and the consequences on women’s participation in decision-making and gender equity in general), except political participation. Germany may thus be labelled as lagging behind in terms of gender balance. At the same time, if the desire to change is strong enough, with family-friendly policies, Germany is in a good position to learn from some of its neighbours and increase the work aspect of the work-life balance for mothers, the reverse for fathers.

### **Germany set to catch up on work-life balance, and be a leader in valuing both the parent and the worker**

Germany (along with its peers with low maternal employment) is moving away from the still widespread belief that mothers “belong at home”, and governments have been focusing on supporting this trend. At the same time, in countries with a high frequency and intensity of maternal paid employment, mothers long to spend more time with their children: witness the increase in the share of female part-time employment overall and the increase in length of parental leave in several countries (see 2.3). Men are also increasingly taking their responsibility as fathers more seriously and committing more time to this aspect. All this considered, we expect most countries are converging towards an improved work/family life balance for all. Countries like Germany moving “upwards” in maternal employment figures have a longer way to go to reach this state than their peers at the other end of the spectrum.

In Germany, major efforts are still required from politicians, companies and society at large, in order to create a more gender equitable society, starting with a much easier reconciliation of work and family life.

<sup>87</sup> See Kraul, Soby and van Hauen in Larsen (2007).

**Government and corporations need to join hands to ensure an adequate supply of good quality child-care...**

**1. More quality childcare available for longer hours**

- As much discussed and already in progress, there is a dire need of a sufficient amount of childcare facilities offering affordable, quality care: this requires a higher staff-to-children ratio than in most cases currently, improved education level for the staff, as well as a better recognition of this care sector crucial to Germany's future.
- Various childcare models need to be considered, for the sake of the whole family, from institutional to individual, including small units in the same building as the mother's workplace, even on the same floor for the youngest ones.
- In parallel, full-day Kindergarten and schools, with flexible hours, are necessary for parents who wish to keep their career in full swing. Performance-based pay may improve staff motivation, image of the profession, hence quality of care and teaching.

**2. Promote paternal leave**

**... and flexible work models**

The one year paid parental leave, with the two additional months that can be taken by the father, is a step in the right direction but more needs to be done to promote paternal leave and share the reduction in work hours between the two parents. It does require both a strong man and a strong woman to find the family solution in which both parents have a career. But more is required. Politicians (and companies) need to act to make child-rearing responsibilities more equitable.

**3. Enable switching between full-time work and part-time work, for all**

Given the growing project economy and the more flexible work environment, parents should have an easier time to pace their work. However, companies have an additional role to play to recognise part-time working (especially the more intense type) as a valid career path, even for men and those in higher-ranking positions. A switch from hours worked to results achieved being the metric is a key enabler in this.

**4. Allow remote work**

Given that increases in virtual connectedness and knowledge intensity make remote networking increasingly possible, companies can make working from home a general option, and all will benefit: families of course, but also companies, enjoying satisfied employees as well as potential cost-savings due to decreased office space requirements.

**5. Actively support returning parents**

**Adapt HR processes**

- It is necessary to assist returning parents, and returning mothers in particular, when it comes to career development and earnings. Even if men's involvement in family work responsibilities drastically increases, women are likely to still bear most of the family workload, and take the longest career breaks. HR management needs to take this into account, by monitoring pay rises and bonuses in the years following parental leave.
- It also needs to adapt the promotion process for all: instead of using an age threshold by which one has to have achieved something significant (for selecting high potentials, etc.), focus on years of service instead, in order not to penalise returning mothers, who may be older when they have the same amount of experience as their male colleagues.

**Actively promote “male” occupational fields, like S&T amongst female students****6. Tackle the gender pay gap**

For the sake of women in general, the anti-discrimination legislation needs to be enforced more tightly, at least temporarily, in order to reach a society of full “equal pay for work of equal value”. Companies and unions have a crucial role to play here.

**7. Attract more women towards vital sectors of the economy**

In an environment where cooperation and innovation are key to success, increased demand for soft skills is favourable to women overall. But more needs to be done to encourage young women to study traditional “male topics” and embrace a successful career in these areas. Breaking stereotypes in early education and at home, active promotion of science and technology as well as job-shadowing for teenage girls can be helpful.

**8. Easier and more transparent process to start one’s own business**

Reducing the red tape to start a small business would be helpful for all, but particularly beneficial for women, who tend to have fewer professional contacts and less family support (no “wife” at home). It can help increase the number of female entrepreneurs. Even though their number is growing faster than the number of their male counterparts, they still have a lot of catching-up to do.

**Support female upward mobility****9. Monitor gender balance at the top**

- Until women make up a significant portion of top management, and corporate models are more women friendly, it is essential to actively support women on their career path. Coaching, network-building and mentoring programs can help women to manage their careers more effectively.
- In companies as well as in the political field, temporary positive discrimination endorsed by the unions (all things being equal, favouring the minority) is a way to ensure a more equitable distribution at all levels, especially for senior positions, where it is badly required.
- Creating incentives, like a “gender-equitable fund”, investing in women-friendly companies can also be helpful.

**10. Do not forget parents’ right to be parents**

And finally, of course, society needs to recognise the value of the work done at home. Couples wishing to parent their own children should be given this opportunity, especially by making it financially affordable.

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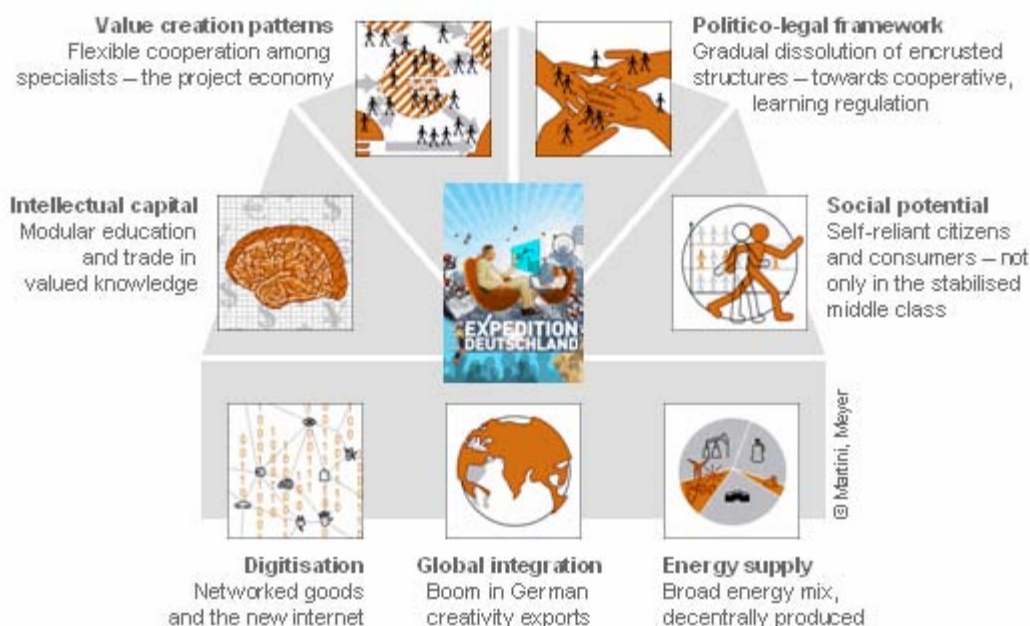
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The coming years will be crucial for the path Germany takes over the long term. An ageing society, tight fiscal constraints, the emerging knowledge economy and new competition from Asia and other parts of the world are just a few of the challenges which Germany has to face up to.

To take the right decisions for the future German business and policymakers need to understand how these and other structural changes will interact in the future. We have therefore set out to sketch what paths of development are conceivable, and consistent, for the German economy and society in the future on the basis of an innovative scenario analysis. And we have gone one step further and identified "Expedition Deutschland" as the most plausible of our scenarios for the year 2020 ([www.expeditiondeutschland.de/en](http://www.expeditiondeutschland.de/en)).

## Germany 2020 – A short overview



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