

The Role of Firms in the Gender Wage Gap in Germany



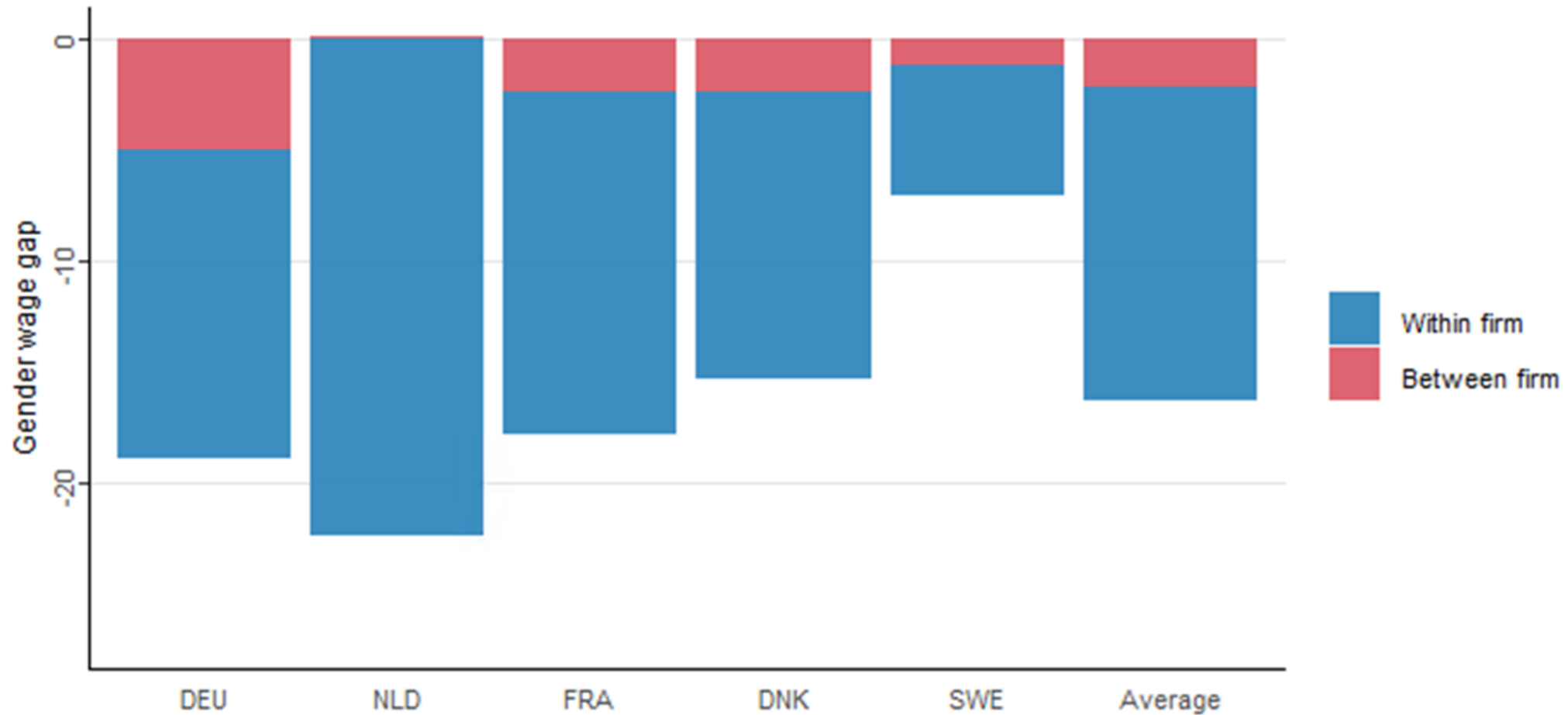
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12 October 2022

Tackling the gender wage gap in Germany

- As of 2021, the gender wage gap in Germany stood at 14% compared with 12% for the OECD average
- Provide **new evidence** on the sources of the gender wage gap and its evolution over the life-course in Germany
 - Focus on similarly skilled men and women
 - Emphasise role of firms using linked employer-employee data
 - Benchmark to Denmark, France, the Netherlands and Sweden
- Propose **comprehensive policy approach** that combines policies directed at households with policies targeted at firms

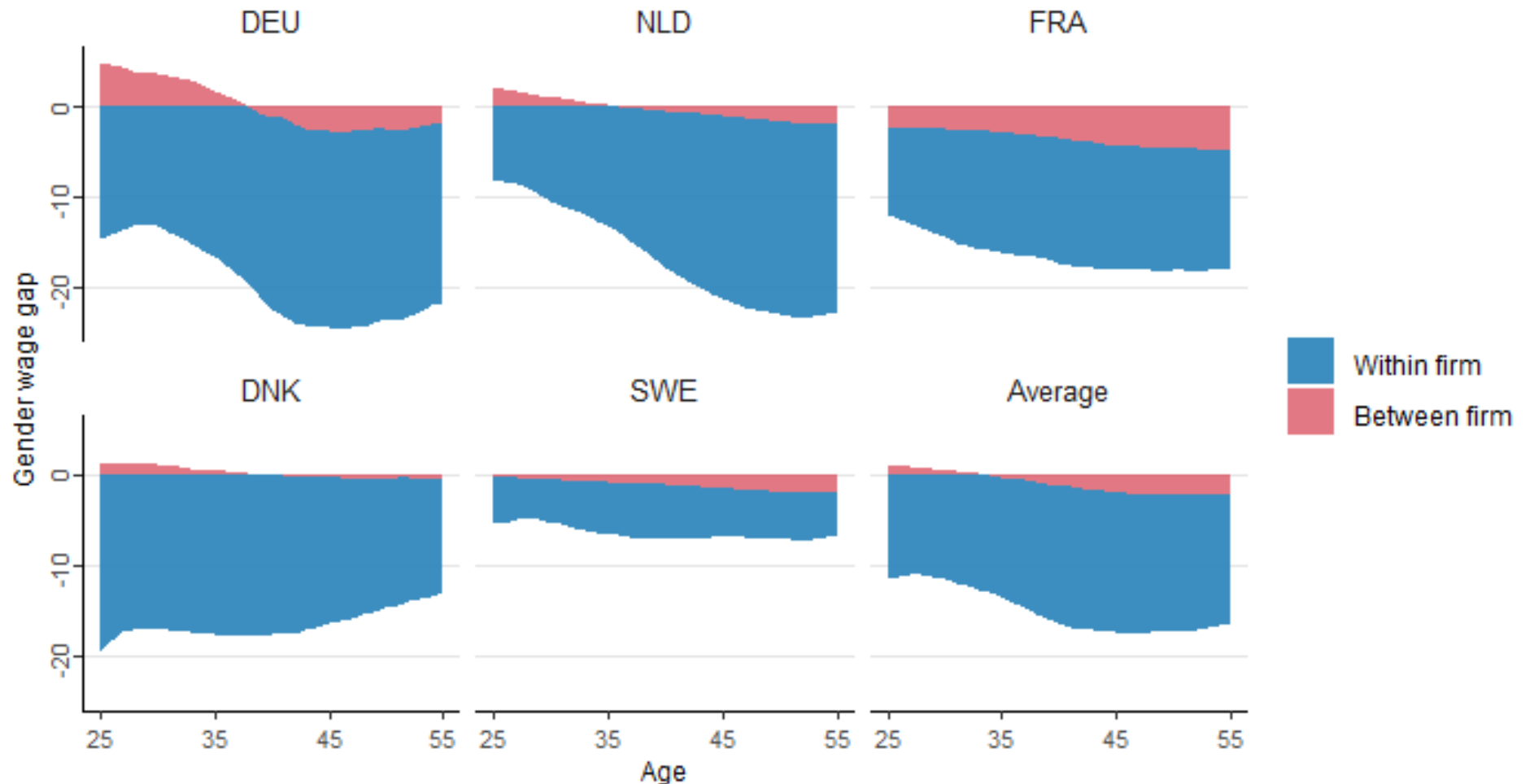
Finding #1: Gender wage gaps are concentrated within firms

Difference in average hourly wages between similarly-skilled women and men as a share of average hourly wages of men, early-2000s to mid-2010s



Finding #2: The gender wage gap increases with age both within and between firms

Difference in average hourly wages between similarly-skilled women and men as a share of average hourly wages of men, early-2000s to mid-2010s

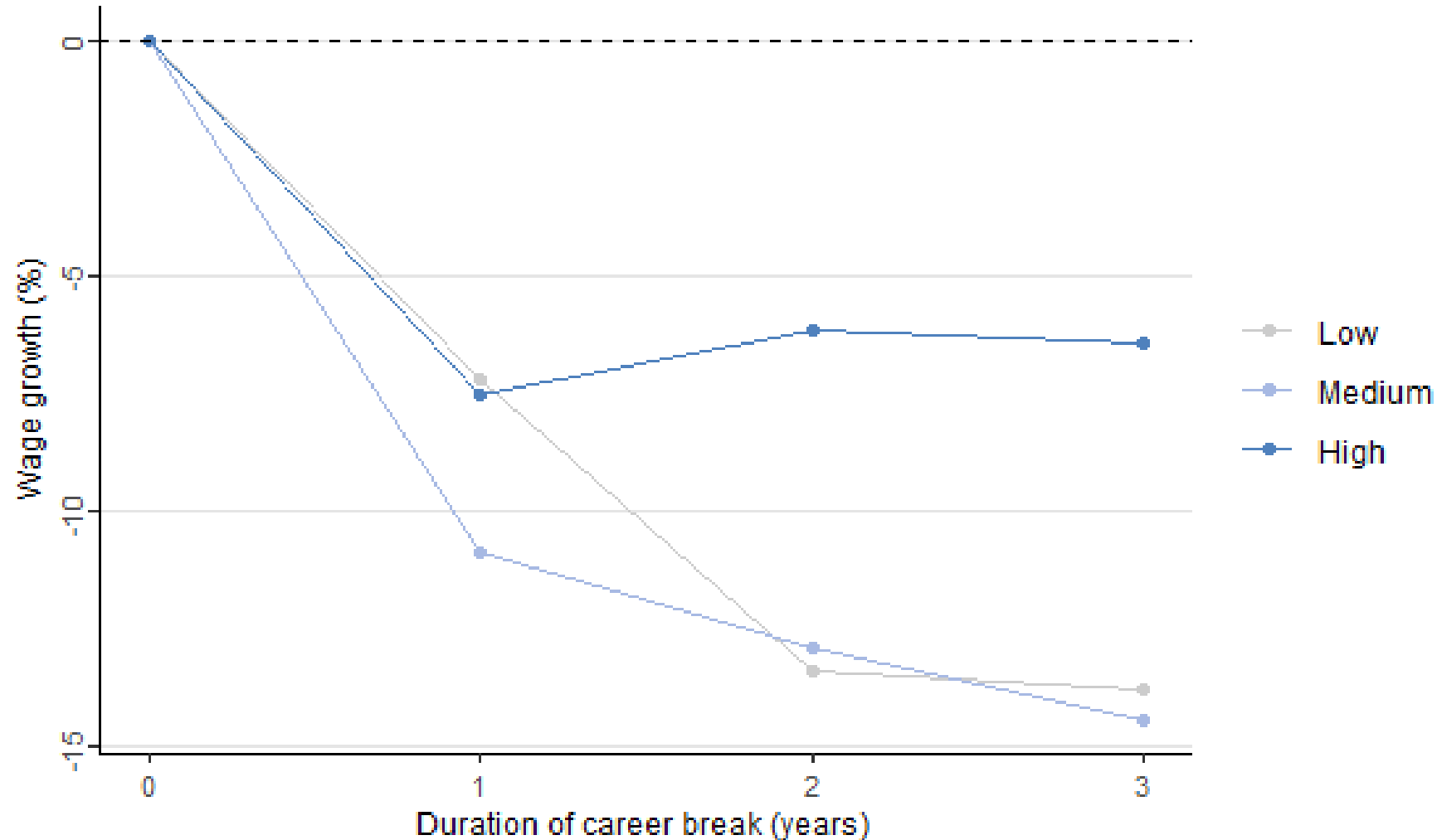


Finding #3: Gender differences in job mobility contribute to rising age profile

- Rising within-firm differences reflect differences in the **incidence of promotions**
 - Partly due to gender differences in part-time and career breaks, but also true for women working full-time
- Rising between-firm differences reflect differences in the **nature of job mobility** rather than its incidence
 - Women frequently change jobs, but these are less often driven by career considerations

Finding #4: Career breaks around the age of childbirth contribute to the motherhood penalty in wages

Percentage change in wages following a career break by duration of break and skills



Policy implications: A comprehensive approach is needed

Policies targeted at families

Parental leave policies

Early childhood and education

Financial incentives

Policies targeted at firms

Pay transparency measures

Quota's and voluntary target-setting

Wage-setting institutions

Gender Equality at Work



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<http://oe.cd/gender-germany-2022>