

Working Paper

**Work-Family Balance?
The Case of Germany**

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1 Introduction

The topic of work-family balance has recently received a vast amount of attention in the German media. The governing party, the Social Democrats as well as the opposition (the Christian Democrats as well as the Liberals) do not cease to stress the importance of family policy and have developed several new concepts. Although the topic of work-family balance has received a considerable amount of attention every now and then over decades, the issue is now more present than ever before. What leads to this increase in attention given to work-family issues? One answer may be that the German public has finally become aware of the country's dramatic demographic development and its economic and societal implications.

Due to the fact that demographic change occurs very slowly, the development of the German population over the next decades is easily predictable: on one hand the population will diminish overall because even migration cannot counterbalance the low fertility rates. Even more dramatically from an economic and societal viewpoint, the population will age significantly ("demographic aging"). Since the contingent of retirees will rise enormously while at the same time the contingent of employable people will age as well as decrease dramatically, current shortages in the labor market will intensify and extend to additional segments. These shortages can only be alleviated for a short time by means of raising the official retirement age as well as the immigration of skilled workers. In the long run the demographic aging will have extensive consequences for the achievement potential of the German economy. Although evident in all industrialized countries, the demographic aging is significantly more pronounced in Germany than in most other nations. One reason for the extremely low birth rate underlying this development is the fact that it is very hard to combine work and family, especially for women. The drastic consequences the demographic development will have for the German economy and the society as a whole have forced both the federal government and private organizations to take on the issue of work family balance seriously and to develop measures to promote it. This paper presents the core laws aimed at supporting families as well as several examples of family-friendly corporate policies. However, it also discusses why work-family balance still remains an illusion for most employees and how a change to this situation can be brought about.

2 Demographic Development and its Consequences

The demographic development in Germany is characterized by two main aspects: first, a very low birth rate, in fact the lowest one worldwide with 8.33 birth/1000 inhabitants, only undercut by the regions of Macau (8.04) and Hong Kong (7.23) (World Factbook, March 2005) which now belong to the People's Republic of China and therefore cannot be counted as independent countries (<http://www.cia.gov/cia/publications/factbook/>). (For a comparison: the birth rate in the USA is 14.14 births/1,000 inhabitants). For more than three decades now the rate of reproduction in Germany has been between 1.3 and 1.4 children per woman which is below the "replacement rate" of 2. The net rate of reproduction which indicates if the number of girls born is sufficient to form a generation of mothers of the same size (if this is the case the rate is 1.0) amounts to only 0.65 since 1973. That means the birth rate is a third under the level of reproduction!

Interesting insights with regard to the development of birth rates in Germany can be obtained by regarding the development in East Germany. While the number of births per woman was almost 2 in 1980 – most likely due to the supportive family-policies and the societal support for working mothers – it dropped dramatically after the reunification, from 1.52 in 1990 to 0.7 in 1994 (as shown in figure 1). This is the lowest birth rate ever to be registered anywhere in the world! Causing this "demographic shock" presumably is the overall insecurity after the transformation of the political and economic system, high unemployment as well as the discontinuation of the extensive child care system in the former German Democratic Republic.

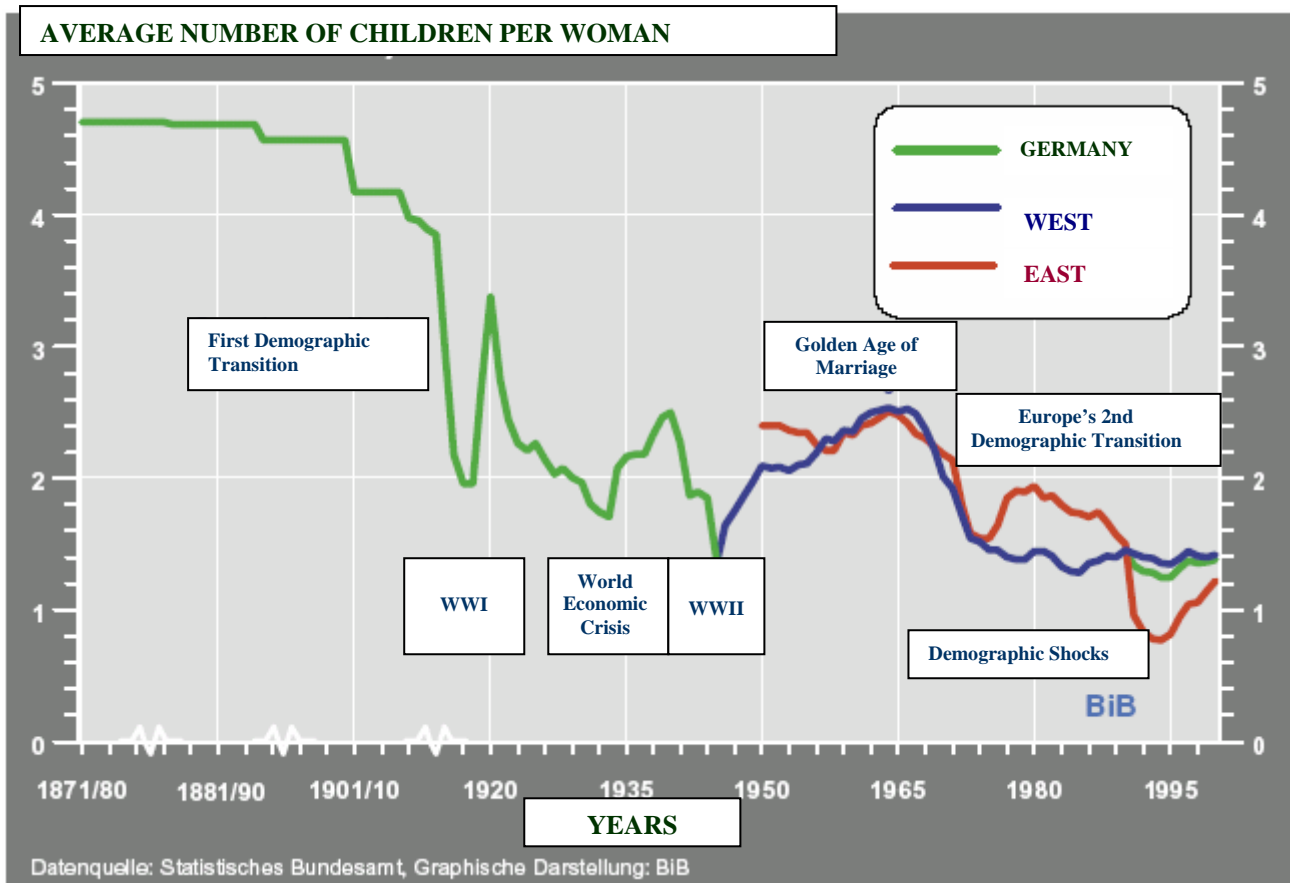


Figure 1: Development of the number of children per woman

The phenomenon of low birth rates is not restricted to Germany: the rate of reproduction for the extended European Union is 1.47 in 2002 and thereby one of the lowest in the world (for a comparison: USA: 2.08; India: 2.98, Nigeria: 5.49). The replacement rate is not met in any one of the 25 countries; however, the situation in Germany is more detrimental than in the other countries. This is likely to be caused in large parts by two interrelated factors: first, the lack of public childcare facilities in Germany and second, the negative attitudes towards working mothers. This assumption is supported by the comparison with France, who possesses an extensive public childcare system, a large share of working mothers, and whose rate of reproduction almost reaches the replacement rate with 1.89.

The second characteristic of the demographic development in Germany is the constantly rising life expectancy. While a little boy born in 1900 could expect to live for 45 years and a little girl for 48, the average life expectancy rose to 75.6 years for men and 81.3 years for women born in 2003. Even more important for the demographic development of the society is the distant life expectancy, i.e. the number of years elderly people can still expect to live. It averages at about 20 years for now 60-year old men and 24 years for women of the same age.

80-year olds have a life expectancy of about 7 years (men) and 9 (women) respectively. In concordance with this development the average age of the German population has risen from 23 in 1900 to 41 today. The Germans are therefore one of the oldest nations in the world.

With regard to the labor force, it is important to notice that the number of people of employable age (20 to 60) averages at about 45 million, which constitutes 55 percent of the population. The number of over 60-year olds currently adds up to 17 million, almost a quarter of the German population. This is the highest percentage in Europe.

2.1 Predictions of the future development

According to calculations of the 10th population forecast by the German Federal Statistical Office in 2003 the contingent of under 30-year olds will change from one fifth of the population in 2010 to one sixth in 2050. The middle generation of 35- to 49 year-olds will decrease by 31 percent. At the same time the contingent of over 60-year olds will increase from one fourth to one third. The contingent of over 80-year olds will triple until 2050 and then constitute 12 percent of the population.

Another figure drastically illustrates the demographic development and hints at its consequences. Since both the pensions and the healthcare system are based on an exchange from younger generations to older ones, the currently employed generation has to provide sustenance for people who do not yet work (children) or no longer work (retirees.) Today 100 employable people have to support 82 who are not of employable age. (Due to the fact that the number of employed people is significantly lower than the number of employable people - on the basis of high unemployment and the low number of employed women - the burden on today's employees is even higher than would be expected from this figure.) However, this number is going to rise from 82 today to 102 in 2050.

The ratio of over 60-year olds to people of employable age was 44.3 in 2003 and will rise to 78 in 2050. In order to keep this ratio constant from 2003 by means of migration 3.6 million young people would have to migrate to Germany every year, according to a study on replacement migration by the United Nations conducted in 2000. As a result the contingent of foreigners would reach 80 percent in 2050; the total population would have risen to 300 million. These facts underline that migration might be useful and necessary in some respects, but is not an adequate means of stopping the aging and shrinkage of the German population.

2.2 Consequences

The fact that the contingent of retirees will rise enormously while at the same time the contingent of employable people will age as well as decrease dramatically has drastic consequences for the pensions and healthcare system as well as the labor market. The German pensions-system is based on an inter-generational contract which implies that the current employed generation provides the sustenance for both children who have not yet joined the workforce and pensioners who are no longer part of it. In return the middle generation (also called “sandwich-generation”) can expect to receive the same support once it has reached retirement-age. However, due to the demographic development delineated above the validity of the inter-generational contract that was introduced in 1957 will be questioned. In 2030 the ratio of contributors to pensioners will have reached a stage that is no longer sustainable since the generation of the baby-boomers will be retiring; therefore the largest number of retirees will have to be supported by the smallest number of employed people.

Similarly to the pensions-system the healthcare system in Germany is also based on the principle of solidarity and exchange. It includes transfers from healthy to sick people, from childless to families, from the young generations to the older ones. Again the ratio of contributors to recipients will be increasingly off-balance as the baby-boomer generation reaches retirement age. Furthermore, the increase in life-expectancy is inevitably accompanied by a rising risk of falling ill of chronic-degenerative diseases or dementia. Furthermore, people of high ages are more likely to be in need of care. Until 2010 the number of people in need of care will rise by about 300.000. This poses a challenge for private as well as professional caregivers (vgl. Roloff 2003: 23 ff., Birg 2004; 35 ff.).

The contingent of people of employable age (20 to 60 years) will decrease enormously within the next few years because only age-groups with low birth rates will reach employable age. By 2020 the potential of employable people will have diminished by 20 percent. In 2050 only 30 million people will be of employable age in Germany, a decrease of 40 percent. Even more dramatically, the potential of employable people will not only be significantly reduced, it will also age substantially. The current “mania for youth” in German organizations, i.e. the tendency to increasingly exclude employees who are in their mid-fifties or older from the labor market, of course poses an additional challenge to this problem. As a consequence of the development delineated so far the current shortages in the labor market will intensify and extend to additional segments. These shortages can only be alleviated for a short time by means of raising the official retirement age as well as purposeful immigration. In the long run the demographic aging will have extensive consequences for the achievement potential of the German economy. The already existing predicament of a “divided labor market”, i.e. the co-

existence of a labor shortage and high unemployment will intensify and pose considerable challenges for the state and the society as a whole.

3 Family-friendly Federal Laws

The drastic consequences the demographic development, both now and more particularly in the future, has led the German government to enact several laws that are aimed at providing support for families. These laws can be broadly divided into three categories: 1. Financial support for families, 2. Maternity Protection, and 3. Rights for parents.

3.1 Financial Support for Families

3.1.1 Child Benefits

Child benefits are paid independently of the family's income. They add up to 154 €(\$186) per month for the first, second, and third child, and to 179 €(\$215) for the fourth and any additional child. The benefits are usually paid until the child reaches the age of 18, however if the child is unemployed, the benefits are extended to 21 years of age. The families of children who are in training (vocational training as well as university education) receive child benefits until the child turns 27.

3.1.2 Children's Allowance for Low Income Families

Since January of 2005 parents who live in one household with their underage children, and have an income that allows them to support themselves but not the subsistence level of their children, are eligible for financial support from the federal government. The prerequisite is that their income lies within certain predefined boundaries. The financial support is dependent on the income and financial assets of the parents and can be paid for up to 36 months. The maximum financial support equals 140 €(\$170) per child per month.

3.1.3 Child-Raising Allowance

The purpose of the child-raising allowance is to provide financial support for mothers and fathers who work less than 30 hours per week in order to raise their children. The parents can choose between 300 €(\$363) from birth until the second birthday of the child or 450 €(\$544) until the first birthday. The entitlement to the child-raising allowance is restricted by income-limits. During the first six months after birth the limit is 30,000 €(\$36,273) net income per year for couples and 23,000 €(\$27,809) for singles. From the seventh month on the following

applies:

Couples: first child	Full child-raising allowance up to net income of 16,500 € (\$19,950) per year	Alleviated child-raising allowance up to net income of 22,086 €(\$26,704)
Single: first child	Full child-raising allowance up to net income of 13,500 € (\$16,323) per year	Alleviated child-raising allowance up to net income of 19,086 €(\$23,077)
Every additional child	Increase of income-limit by 3,140 €(\$3,797)	Increase of income-limit by 3,140 €(\$3,797)

3.1.4 Tax Allowance for Children

The tax allowance for children depends on the family’s income as well as the number of children. Expenses for childcare can also be set off against tax liability. Details are omitted here due to the complexity of the German tax system.

3.1.5 Support for Repatriates to Work

Men and women who have discontinued their vocational training or employment in order to take care of their children or of relatives in need of care and want to resume their employment or training within a reasonable time frame qualify as “repatriates to work”. Therefore they are eligible to consulting and placement services as well as financial support for further education and training. All measures are designed at facilitating the re-entrance into the workforce.

3.1.6 Housing Allowance

The housing allowance is aimed at providing financial support to low-income families to pay for the rent or the costs of owning housing. The eligibility depends on the joint income of the household, the size of the family, and the costs for the lease or the loan in case of owned housing. The calculation is difficult and dependent on the individual case, so it is best to give an example here: the maximal allowance for a family of four living in a rental apartment in Munich (the most expensive city in Germany) ranges between 415 €(\$502) and 630 €(\$762) depending on the date when the family moved in. The allowance for own housing adds up to 1,250 €(\$1,511) per year for up to 8 years. In addition, 800 €(\$967) per child can be paid for up to 8 years. However, there are certain limits to the household’s income, so not every family is eligible for these benefits.

3.2 Maternity Protection

The maternity protection laws were enacted in order to protect the mother and her child before and after birth and to provide financial security. The law comprises job protection, protection of the pregnant woman at the workplace, the prohibition to work immediately before and after birth, and financial compensation for reduced employment.

3.2.1 Job Protection

From the beginning of the pregnancy until four months after birth the mother is legally protected against dismissal. The only exceptions to this law are bankruptcy of the employing organization, severe breaches of duty by the pregnant woman, or very small firms if the becoming mother is indispensable there.

3.2.2 Protection at the Workplace

It is the duty of the employing organization to protect the mother at the workplace from dangers for her health, especially with regard to the particular needs during pregnancy. The law lists numerous criteria. For example, workstations are to be designed so that monotonous activities are prevented. Potentially harmful influences from machines (noise, heat, concussion) or substances used in the production process (e.g. gases, dust, radiation) are to be avoided or reduced to a minimum. Furthermore, the law comprises a prohibition to carry out certain tasks after certain stages of the pregnancy. There is a general prohibition to assembly-line work and piece work as well as to working on Sundays, holidays, or at night.

3.2.3 Prohibition to Work

Pregnant women are not allowed to work in the time period of 6 weeks before until 8 weeks past the calculated due date.

3.2.4 Financial Compensation for Reduced Employment

It was the goal of the legislature to ensure mothers' income during pregnancy and after birth. Therefore a law was enacted that regulates that mothers are entitled to financial compensation when their employment is reduced due to the reasons stated above. The law specifies that the compensation has to equal the average salary during times of full employment. Up to 390 € (\$472) of this financial compensation are provided by the health insurance companies, the rest is paid for by the employer.

3.3 Rights for Parents

Several rights have been enacted that are aimed at providing support to parents who raise their children. The most important ones are parental leave, the entitlement to a place in kindergarten, the right to take leave from work in order to take care of a sick child, and finally a right to ask for a reduction in working hours (although this is not limited to parents).

3.3.1 Parental Leave

In order to give parents a chance to raise their children and reduce their working hours both mothers and fathers have the legal right to take parental leave for up to three years. They can choose to either fully interrupt their employment for the purpose of child-care or work part time, i.e. between 15 and 30 hours per week. To ensure high degrees of flexibility, parents are allowed to split the time of parental leave between them; furthermore they can postpone a part of parental leave until the child has turned eight years. From the time when parental leave was claimed until its end, mothers and fathers are protected against dismissals.

3.3.2 Legal Claim for Kindergarten

Parents are entitled to a place in kindergarten for their child if it is between three and five years old. For younger children as well as school-aged children there is no legal claim, however the federal states are supposed to provide a supply that meets the demand. Kindergartens can be run by municipalities, counties, churches, private persons, companies or parents' initiatives. In general, kindergartens have to be self-sufficient (i.e. don't receive money from the government); however there is financial support from the government for kindergartens that are supposed to fulfil the demand calculated by municipalities and counties. Parental payments to the kindergarten vary dependent on income, the number of children, and the amount of hours the child spends in kindergarten. An analysis of samples from an online database revealed a range from 30 €(\$36) to 300 €(\$363) per child per month.

3.3.3 Company Leave because of Sick Child

Mothers and Fathers have the right to take leave from work for a limited period of time (approximately five days) when a doctor attests that their child (under the age of 12) is ill and no other person can take care of the child. Whether this leave is paid or not depends on the employee's contract with his or her employer. Couples are entitled to up to 10 days of leave per child and person per year with a maximum of 25 days for several children, single parents to up to 20 days per child per year and a maximum of 50 days for several children.

If the parents are not entitled to paid leave, the health insurance provides financial compensation if there is no other person living in the household that can take care of the child.

3.3.4 Right for Reduction in Working Hours

In January 2001 employees in Germany received a new individual right to demand a contractual reduction in working time from their employer. This right is not limited to parents with dependent children; however, it might be particularly useful for working parents. The German Part-time and Fixed Term Employment Law 2000¹ gives employees in organizations with more than 15 employees the right to ask their employer for a reduction in contractual working hours. The right applies to employees with a minimum of 6 months service, irrespective of their parental status; employees are under no obligation to provide a reason for wanting a change in hours. Employers have to make the changes as long as there are no proven “business or organizational reasons” for a refusal which ‘substantially influence the organization of work or safety or carry ‘disproportionate costs’². The law does not specify what such reasons might be or at what stage costs become disproportionate; therefore, the social partners- trade unions and employers- are encouraged to develop more detailed specifications through industry specific collective agreements. Employees can challenge the employer’s decision in court.

This section has highlighted that numerous laws have been enacted in Germany that protect and support parents. However, as described above, Germany has the lowest birth rate in the world, wherefore the success of these laws remains questionable. This fact seems likely to be attributable to the fact that the laws do not fully tackle the reasons that underlie the low birth rate. Consequently, the next section discusses the reasons for the extremely low birth rate in Germany.

4 Reasons for the Low Birth Rate

What is causing the detrimental demographic development in Germany, in particular why is the birth rate so low? The fact that the number of children per woman is decreasing is evident in all industrialized countries. Children are no longer needed as workers or for the provision of pensions; on the contrary, they cause costs and limit career opportunities. However, the

¹ Gesetz über Teilzeit und befristete Arbeit 2000 BGBl I 2000, 1966 in force from January 2001
² § 8 Abs. 4 Satz 1 TzBfG :”soweit betriebliche Gründe nicht entgegenstehen”; § 8 Abs. 4 Satz 2 TzBfG specifies these reasons as “wenn die Verringerung der Arbeitszeit die Organisation, den Arbeitsablauf oder die Sicherheit im Betrieb wesentlich beeinträchtigt oder unverhältnismäßige Kosten verursacht”.

demographic aging is significantly more pronounced in Germany than in other industrialized countries. The explanation for the low number of children per woman lies in the fact that a large number of women remain childless throughout their lifetime. The German society is polarized into the group of the childless (one third), mostly unmarried and holding academic degrees and the group of people who are married and have children (two thirds). Of the women born in 1967 almost 40 percent (38.6) remained childless. Since this childlessness is not caused by a situation of social crisis for the first time in history, it is referred to as “new childlessness”.

Two main reasons are deemed crucial for this new childlessness: first, the social attitudes to working mothers in Germany, and second the lack of childcare facilities.

4.1 Social attitudes to working mothers

A study by Treas and Widmer (2000) reveals that there is “ideological opposition to working mothers” (Hegewisch, in press): Over 60% of West Germans believe that mothers with pre-school children should stay at home (in East Germany only 20% hold this belief). For school-aged children only 5% of West German respondents felt the mother should work full-time, compared to 18% of Britons and 27% in East Germany; more dramatically 28% of West Germans believed the mother of a school-aged child should stay at home. This is the highest level of any of ten countries examined in the study by Treas and Widmer (2000, p.1421).

4.2 Lack of childcare facilities

The negative attitudes towards working mothers that are prevalent especially in West Germany are reflected in the lack of childcare facilities that makes it extremely difficult to combine work and family in Germany, especially for women. The education of children, care for elderly relatives and household duties still mainly rest on their shoulders. At the same time it is very difficult to organize child care outside of the family since public provision is low and market provision is patchy, particularly for young children and particularly in the West (OECD 2002, p.144). As shown in table 1, childcare facilities for children less than three years is available for only three percent of the children in West Germany. In addition, childcare facilities for children in primary school are also very rare (6 %). Since normal German primary schools end around noon every day it is very difficult for German mothers to combine paid work and motherhood, even on a part-time basis.

	West	East
0-3 years	3 %	36 %
Kindergarten	88 %	100 %
Kindergarten (full time)	20 %	100 %
6-9 years	6 %	66 %

Table 1: Childcare Facilities in Germany

(Source: OECD Background Reporting, p. 71-73, as of December 31st, 2002)

A survey of 3000 mothers by the Institut für Arbeitsmarkt- und Berufsforschung of the German Federal Employment Office (2001) further supports this assumption: only 13% of West German mothers were fully employed after the termination of parental leave (compared with 49% in the East³). Furthermore, three quarters of the mothers reported that they would have preferred to work part time during parental leave instead of interrupting their job completely, but that this was not possible due to a lack of part-time jobs as well as a lack of childcare facilities.

The lack of childcare facilities as well as social attitudes to working mothers often force women to decide between motherhood and employment. As a consequence, a third of the German women – most of whom are highly qualified -- decide in favour of a professional career and remain childless. On the other hand, two thirds of women choose to have children and are mostly unavailable to the labor market. Furthermore, of all female German employees only 60 % work full time. This situation that a large proportion of the population who is capable of work, and often times highly qualified, is not available to the labor force is of great detriment from an economic viewpoint. It is aggravated by the fact that universities in Germany are fully funded by the taxpayer and therefore the large investments in the academic education of women are often wasted – at least if regarded from a strictly economic viewpoint -- if there is no way to bring university-educated women back into the labor force. Additionally, the current situation is not in concordance with the desire of most German women. Many mothers who are not gainfully employed would like to be a part of the labor force if only the structural conditions allowed them to do so (cf. survey of 3000 mothers on parental leave by the German Federal Employment Office (2001)). On the other hand many childless women would like to have children if only they could combine them with their job. The comparison with other European countries such as France and the Scandinavian countries

³ The higher rates of childcare facilities as well as more positive attitudes toward working mothers in East Germany root in the former socialist system that supported working mothers both ideologically and practically.

points to the fact that this situation is by no means inevitable: they have managed to achieve significantly higher rates of gainfully employed women as well as higher birth rates.

Due to the fact that the issue of work-family balance has grown in importance over the last few years and that a shortage of skilled labor is expected as early as 2007, many German companies have introduced family-friendly corporate policies. The most popular ones are presented in the following.

5 Family-friendly Corporate Policies

The following section presents various measures that have been introduced by several companies and could be useful for both achieving a better balance between work and family-life for the employee as well as enable higher degrees of flexibility and productivity and potentially save costs for the employer. They include flexible work arrangements, information resource and referral, financial support, childcare facilities, measures to maintain contact during parental leave, the provision of childcare, and indirect measures supporting childcare.

5.1 Flexible Work Arrangements

Flexible work arrangements can be a crucial factor for the competitive capacity of a firm. Especially branches of business that are subject to significant fluctuations regarding their order list can avoid idle machines or even layoffs on one side and compensation for overtime on the other side by means of flexible work arrangements. Furthermore, flexible work arrangements can be a method to better meet employee needs and therefore increase the attractiveness of the organization as an employer that allows it to attract and retain highly qualified employees (Flüter-Hofmann & Solbrig, 2003). Additionally, the increased freedom to choose when to work has been found to boost employees' organizational commitment and job satisfaction (Skandura & Lankau, 1997).

Due to the variety of demands from customers, employers and of course employees several variants of flexible work hours have been developed. They include flextime, work-time accounts, part-time work, job sharing, and telecommuting as depicted in table 2.

Models of Flexible Work Arrangements
<ul style="list-style-type: none"> ▶ Flexitime <ul style="list-style-type: none"> • Simple Flexitime • Qualified Flexitime • Trusted Flexitime ▶ Work-Time Accounts <ul style="list-style-type: none"> • Time-period: 1 year • Time-period: lifetime • Sabbatical ▶ Part Time Employment ▶ Job Sharing ▶ Telecommuting

Table 2: Models of flexible work arrangements

5.1.1 Flexitime

Flexitime is quite popular in German organizations. Three variants of flexitime can be distinguished: *Simple flexitime* allows employees to determine the starting and ending times of their workday but not the number of hours they work. *Qualified flexitime* gives the employees more sovereignty over their time: the workday is divided into three different phases: a set of core hours during which presence at the workplace is compulsory and a set of flexible hours at the beginning and the end of the workday during which employees can freely decide if they are working on site or not. Another characteristic of qualified flexitime is the fact that the company determines the minimum number of hours of work but allows employees to temporarily accumulate work hours as well as be in debt (Hamm, 1999: 88 ff.).

Trusted flexitime expresses a different perspective of work by defining it in terms of results and not the number of hours invested. The employer grants the employee complete sovereignty over his time and trusts that the employees fulfil their duties without the control of their work time. Prerequisite of the successful implementation of trusted flexitime is an organizational culture that places the potential of the employee in the center, facilitates self- and time-management abilities of the employees and ensures the necessary competence of the managers (Flüter-Hofmann & Solbrig, 2003: 52 ff.). Trusted flexitime certainly gives employees a great deal of freedom and therefore allows them to better balance work and family demands, however there is the risk that the absence of records may lead to extensive work hours.

5.1.2 Work-time Accounts

The term “work-time accounts” is a literal translation of the German word “Arbeitszeitkonten”. It describes a work arrangement that provides employers as well as employees with significant degrees of flexibility regarding the number of hours worked daily, weekly, and monthly. The basic concept underlying work time accounts is the fact that the hours an employee has worked are booked into an account and deviations between the number of actual hours worked and the number of hours the employee was supposed to work are calculated. The funds of accumulated work hours have to be balanced with the required work hours within a certain time frame. The term work-time account embraces numerous different models which differ with regard to the time frame for the balancing of the hours worked (short-term vs. long-term) as well as their purpose. For example work-time accounts whose time-frame is a year allow the employee to accumulate extra work hours over the duration of an entire year and thereby enable him to take extended periods of time off, e.g. in order to take care of children or elderly relatives. Some companies even offer employees to accumulate and balance off their work hours over the entire time they are with the company, so that employees may be able to take years off and to use them for childcare purposes, extended vacations, early retirement or further education. Similarly, the concept of a sabbatical allows for the accumulation of work hours and the consumption of these work hours at a later date by means of an extended leave from work (the “sabbatical”) that is approved by the employer. This gives the employee a chance to take a longer period of time off, e.g. for family purposes. In return, a sabbatical can be of benefit to the organization due to the regain/rise in motivation and productive efficiency of the employee (Flüter-Hofmann & Solbrig, 2003: 26 ff.).

5.1.3 Part-time work

Contrary to the United States, where part-time workers are defined by the government as employees who work fewer than 35 hours per week (Feldman, 1990) the German definition is more broad and includes any employees who work less than the number of hours on the official pay scale of the company for an extended period of time. Part-time work grants a lot of autonomy over employee’s time, especially when not only working reduced hours every day but more flexible arrangements that allow for a distribution of the required work time over the week, month or year are considered. Examples of these flexible arrangements include the alternation of periods of full time work and time off or the partial retirement of senior employees which is aimed at facilitating the transition from working life to retirement. Oftentimes that means that employees will receive their full pensions when they have reached the age of 60 or 65, depending on the company, but in the years before reaching retirement

age they are paid a reduced salary. However, in some cases employees offer early retirement and pay the full pension, especially when they want to cut back on jobs.

5.1.4 Job Sharing

The basis for job sharing is the agreement of two employees to share one job, fulfil all duties related to it in agreement and to substitute for the other person if (s)he is on vacation or ill (Hamm, 1999: 139 ff).

5.1.5 Telecommuting

Telecommuting (resp. teleworking), defined as working in a facility remote from one's job site through the use of technology (Golden, 2001), can constitute a sensible alternative to working on site, especially in the face of family demands. Several different variants of telecommuting can be distinguished: Alternating telecommuting for example implies that employees alternate between working on site and at home according to a previously defined mode. Mobile telecommuting is completely independent of location and carried out by means of email, internet, and phone. It allows employees to work from any place and thereby grants large degrees of flexibility.

In addition to flexible work arrangements, employers can offer support for families by providing consulting services, financial support or childcare facilities, or by keeping in contact with and facilitating further development for employees who are on parental leave.

5.2 Information Resource and Referral

More often than not, information resources and referrals with regard to family issues are confined to women at the time of their pregnancy. However, the provision of information and advice to all employees should be part of corporate efforts to facilitate balancing work and family needs. Information resource and referral as well as information sessions can provide employees with valuable information and strengthen bonds between employees in the same situation. An example for the successful implementation of an information exchange platform for parents comes from Hypo Vereinsbank (Ifb 2001: 130). The bank stresses that this platform is very useful because the advice and experiences shared there enable parents to better manage their family duties and therefore improves their work performance. Information exchange platforms and information resource and referral can be supplemented by internet portals, consulting-chatrooms and of course confidential talks with the supervisor.

5.3 Financial Support

Financial support for employees with children or relatives who are in need of care is not as useful for both employees and employers as flexible work design because it does not provide support with the organization of daily life. However, it is more easily provided by the employer and the organizational effort is minimal. Therefore it is a widely accepted measure in Germany. For example companies like BMW are endowed with a special budget for certain family-related needs of their employees which is administered by the works council. That means the company provides financial support to employees for the purchase of certain family-related things such as a buggy, children's clothes, or new hearing-aids for elderly relatives.

Some companies in the tertiary sector such as Hypo Vereinsbank offer special rates for loans and insurances to parents who are employed with them. Similarly, discount rates for consumer goods can be a way of providing support for certain employees, e.g. with children or relatives in need of care. The underlying thought is of course that the company's employees benefit from captive products and services at discount rates. In addition, companies could consider allowances to childcare or elderly care.

The provision of financial support to employees with particular family-related demands might be an easy way to support working parents that is within the budgetary constraints of small businesses. Furthermore, it allows for the flexible adjustment of support according to individual demand.

5.4 Measures to Maintain Contact during Parental Leave

Due to the fact that employees in Germany have the right to be on parental leave for up to three years and then return to their previous workplace, it is beneficial for both the company and the employee to keep in contact during that time. Thereby costs for reintegration can be minimized for the employer and the feeling of affiliation and commitment as well as competence for the employee can be strengthened. There are many different ways of maintaining contact: from informal meetings and participation in company events to continuous further training or even selective assignments. Also, it might be advisable to jointly plan the time of parental leave ahead of time so that both the needs of the employee as well as of the employer can be met. Depending on the needs of both stakeholders the most appropriate means before and after parental leave can be chosen that will yield a smooth and uncomplicated reintegration of the employee into his/her former workplace.

5.5 Provision of Child Care

The supply of in-house childcare facilities may be an effective way of meeting the problems caused by the low public provision. However, it is advisable to assess the needs of the employees prior to the establishment of in-house childcare facilities. Specifically, it is important to determine not only the number and ages of the children, but also the appropriate opening hours, location, etc. The costs that arise for the company may in the long run be balanced by cost reductions due to lower rates of absenteeism, earlier re-entrance into the job after parental leave, increase in motivation and productivity since parents do no longer have to worry about childcare, and higher levels of commitment which in turn reduce costs of turnover (Ifb, 2001: 120ff).

In spite of the reduction of costs in the long run, in-house child care may only be advisable for companies of a certain size since the investment pays off only for large numbers of children. However, smaller companies might collaborate and jointly establish child care facilities. Thereby all participating companies can take advantage of the benefits while at the same time contributing only their share to the establishment. In regions where the public provision of childcare is sufficient, corporations can focus on providing childcare during the times the public facilities are closed. The erection of a network of public facilities and several companies seems to be an ideal way of providing childcare and therefore reducing the burden on the employees. Another way for companies to support their parents with children and at the same time comply with cost restrictions is to promote parents' initiatives. For example, BMW has provided space as well as financial support to a parents' initiative for childcare (BMW Group 2001: 26). Furthermore, companies can support their employees in finding childcare facilities by reserving places in public facilities or establishing placement services for nannies, au-pairs, etc.

It becomes clear that companies can help their employees find adequate child care in various ways, some of which are not very cost intensive but of great benefit to the employee.

5.6 Indirect Measures Supporting Childcare

In addition to helping parents to find adequate childcare, employers can offer services that indirectly help parents to combine their work and family duties. These include luncheons for the employees' children in the staff canteen and an agency for arranged lifts or a bus service to kindergarten.

5.6.1 Luncheons in the Staff Canteen

Some companies such as Hypo Vereinsbank offer luncheons in the staff canteen for employees' children. This relieves parents of the burden of preparing lunch (most German kindergartens and schools do not offer lunch) and gives them the chance to spend time with their children during the day while at the same time ensuring a healthy meal for the children (Ifb 2001: 130). However, before implementing this measure it is important to ensure that the childcare facilities or schools where the children are during the day are not too far away from the canteen or are accessible by public transportation. If these prerequisites are met the provision of lunch to employees' children is a measure that is easy to implement and that benefits employees of all hierarchical levels. Ideally, this measure is combined with the in-house provision of childcare whereby the travel time for the children is minimized and the comfort for the employees is maximized. However, since this combination is costly it might only come into question for large corporations. The provision of luncheon to the employees' children does not cause enormous costs and is easily implemented. Therefore, it might be a first step towards becoming more family-friendly for many companies.

5.6.2 Agency for Arranged Lifts

The establishment of an agency for arranged lifts to kindergartens and schools might be another low-cost way to reduce the time burden on parents. The coordination of several parents saves time and money for every individual; however it requires both the parents' willingness to participate and comparable distances to the childcare facilities and the employing organization. If the company is willing to go one step further it might consider the establishment of a bus service to kindergarten or school, comparable to the school bus system in the USA. However, so far this way of supporting working parents has scarcely been implemented.

6 Barriers to the Implementation of Family-Friendly Corporate Policies

The previous sections have presented several family-friendly corporate policies that can greatly benefit the employee as well as the employer. Although some companies have introduced one or several of these measures, the broad implementation of family-friendly policies remains a task for the future. In order to enable the widespread implementation of family-friendly corporate policies it is necessary to understand the barriers that impede the introduction. Following this rationale, we conducted interviews with HR professionals and executives of Bavarian companies with regard to the barriers to family-friendly corporate policies.

The interviews resulted in the identification of six key impediments:

1. Lack of Awareness
2. Lack of Acceptance of new Measures
3. Costs
4. Lack of Trust between Management and Employees
5. Perceived Lack of Equity

6.1 Lack of Awareness

Many of the interview partners reacted with little interest when we asked about the family-friendly policies in their organization. Several stated that the issue was “not relevant for us” since the majority of the workforce is male and/or does not have children and this issue is only relevant to women, particularly mothers. However, the consequences of the demographic development delineated above underlines that the question of how to combine work and family are of great importance to the society as whole. Another barrier to the implementation of any kind of family-friendly corporate policy may lie in the fact that many companies reduce the options available to them to cost-intensive measures and are therefore discouraged right away, as was revealed in the interview. Nevertheless, the previous section has provided examples of corporate policies that can be implemented without extensive cost and still add to work family balance.

6.2 Lack of Acceptance of new Measures

In some firms the family-friendly measures introduced by the top management were not accepted by the employees. This is most likely attributable to three reasons:

1. The measure was not in concordance with employees’ needs
2. The employees were not sufficiently informed about the introduction of the measure and
3. The beneficiaries of the measures are stigmatized in the organization.

For example, one company had introduced flexible work arrangements but did not meet the employees’ needs because the employees had been looking for a reduction in working hours in order to spend more time with their families. Another example is the erection of in-house childcare facilities whose opening hours are not in concordance with employees’ work hours.

A sensible way of ensuring that the policies introduced by the employer are in concordance

with the needs of the employees is to conduct a needs assessment. This way the employees are actively involved in the creation of the new policies and are therefore very likely to come up with ideas on how to conciliate their needs and the needs of the organization. If the employees are not involved in the creation of the family-friendly corporate policies, they at least have to be sufficiently informed about them. Therefore it might be necessary to advertise the policy in the corporate newspaper, on the website, and even to hold short information meeting.

Another powerful barrier to the acceptance of family-friendly policies is the stigmatization of beneficiaries of these policies. They may be regarded as “slackers” by other employees because they do not work full time, are granted leave when their child is ill, etc. Furthermore, employees who take parental leave, work part time, or take advantage of other flexible work arrangements in order to balance work and family life may be regarded as “on the mommy track” and might therefore not be considered for promotion. This stigma of course leads to the fact that family-friendly arrangements are not widely accepted by the employees.

6.3 Costs

Especially in economically difficult times where costs have to be saved it stands to reason that any policy that is primarily regarded as an expense factor is sacrificed first. Since the employees are often threatened by unemployment they cannot look for an alternative employer. However, the dismantling of family-friendly policies can lead to a substantial drop in motivation and subsequently in productivity. On the contrary, the preservation of family-friendly measures in tough times may signal valuation to the employees and increase their commitment. Furthermore, as described above, not all family-friendly corporate policies are cost intensive.

6.4 Lack of Trust between Management and Employees

The introduction of family-friendly corporate policies requires a certain degree of trust between the employees and management. For example, the management of one of the companies we interviewed had introduced trusted flextime. The idea had been to abolish the control over time spent in the workplace and replace it by the tasks employees fulfilled. This measure that had been intended to give more freedom and responsibility to the employees was at first met with scepticism: the employees were afraid that it was a covered way of increasing their workload. This example demonstrates that the introduction of new policies requires trust on both the side of management and the side of the employees. Management has to trust that employees will handle the new policy responsibly.

On the other hand the employees have to trust management that the measure is not simply a hidden way of increasing their workload or separating the career-oriented employees from the family-oriented ones who are not interested in promotions (as might be expected from some flexible work arrangements).

6.5 Perceived Lack of Equity

Whenever measures are introduced that only benefit employees who have children or relatives in need of care, the other employees might perceive a lack of equity. They might feel disadvantaged, since the availability of certain services is distributed according to need and not merit. Employees who raise their children or take care of relatives in need may be viewed as “freeloaders” who do not do their full share of the work and can take time off at the expense of other employees. The development of these resentments and attitudes among employees has to be brought up and stopped in early stages. Thereby it might be helpful to initiate intense communication that enables employees on both sides to explain their situation and their views and develop solutions that are satisfying to all employees.

7 Ways to Overcome these Barriers

In spite of the many initiatives private organizations have taken, family-friendly corporate policies are still lacking in many organizations. One of the crucial reasons for this is the insufficient awareness that work-family balance is not only a topic of interest for mothers, but rather a determining factor for the future of German society. Therefore, it is necessary to use all means available (e.g. articles in the popular press, TV coverage, workshops, education of students...) to **increase the awareness of the importance of the issue of work-family balance**. Furthermore, all stakeholders, i.e. employers, employees, and politicians have to **engage in a dialogue** on how work and family can be balanced more successfully. On the political level, substantial efforts have to be made to **increase the public provision of childcare facilities** and to support private initiatives. Finally, on the organizational level, **as many stakeholders as possible should be involved in the design and implementation of family-friendly corporate policies** in order to ensure that the needs of all stakeholders are accounted for as far as possible and the measures are widely accepted. A great example how family-friendly corporate policies can be implemented within organizations is the **CIAR method** developed by Rhona Rapoport, Lotte Bailyn, Joce K. Fletcher, and Bettye H. Pruitt (2002).

However, the initiatives by individuals and corporations will not have a significant impact on the extremely low birth rate in Germany if the society does not change as a whole. Crucial for the transformation of the German society to a more family-friendly one as a whole is the **alteration of attitudes towards working mothers**. It is necessary to bring to people's awareness what the historic roots as well as the consequences of these oftentimes negative attitudes towards working mothers are. Maybe other countries such as France or Scandinavia can serve as positive examples for high rates of working mothers?

8 Conclusion

This paper has at first underlined that the extremely low birth rate in Germany will have detrimental effects on the economic and societal development of the country. Subsequently it has been stressed that many family-friendly laws have been enacted in recent years that support families and might be used as examples for other countries. However, many of these laws do not seem to tackle the issues that cause one third of German women to decide not to have children. The most obvious reason for this decision seems to be the difficulty of combining work and family due to a lack of public childcare facilities. Some companies have recognized both this deficit and the significance of creating a workplace that allows the employees to better balance work and family. Therefore, they have introduced several family-friendly corporate policies including in-house childcare facilities. However, in spite of these best practice examples many corporations are still not involved in any kind of activity to improve work-family balance. This is explained by a number of reasons, particularly the lack of awareness that this issue concerns their organization. Hence, continued efforts have to be made to increase the awareness of the significance of the topic as well as jointly develop solutions in a dialogue between employers, employees, politicians, and scientists. Companies that have implemented family-friendly corporate policies and subsequently experienced positive effects on performance and morale can thereby serve as best practice examples.

Every German citizen has to be aware of the fact that the transformation of the German society to a more family-friendly one is essential for its long-term prosperity.

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