The new OECD Jobs Strategy
Good jobs for all in a changing world of work

How does Germany compare?

The digital revolution, globalisation and demographic changes are transforming labour markets at a time when policy makers are also struggling with slow productivity and wage growth and high levels of income inequality. The new OECD Jobs Strategy provides a comprehensive framework and policy recommendations to help countries address these challenges. It goes well beyond job quantity and considers job quality and inclusiveness as central policy priorities, while emphasising the importance of resilience and adaptability for good economic and labour market performance in a rapidly changing world of work.

Dashboard of labour market performance for Germany

Notes:
- Employment rate: share of working age population (20-64 years) in employment (%).
- Broad labour underutilisation: share of inactive, unemployed or involuntary part-timers (15-64) in population (%), excluding youth (15-29) in education and not in employment (%).
- Earnings quality: Gross hourly earnings in PPP-adjusted USD adjusted for inequality.
- Labour market insecurity: Expected monetary loss associated with the risk of becoming unemployed as a share of previous earnings.
- Job strain: Percentage of workers in jobs with a combination of high job demands and few job resources to meet those demands.
- Low income rate: Share of working-age persons living with less than 50% of median equivalised household disposable income.
- Gender labour income gap: Difference between per capita annual earnings of men and women (% of per capita earnings of men).
- Employment gap for disadvantaged groups: Average difference in the prime-age men’s employment rate and the rates for five disadvantaged groups (mothers with children, youth who are not in full-time education or training, workers aged 55-64, non-natives, and persons with disabilities; % of the prime-age men’s rate).

ASSESSING JOB QUANTITY, QUALITY AND LABOUR MARKET INCLUSIVENESS

The new OECD Jobs Strategy presents a dashboard of labour market performance that provides a comprehensive overview of the strengths and weaknesses of different national labour markets, going well beyond the standard measures of employment and unemployment rates. These include measures of job quantity (employment, unemployment and broad underemployment), job quality (pay, labour market security, working environment) and labour market inclusiveness (income equality, gender equality, employment access for potentially disadvantaged groups). Some countries score well on most or all indicators, implying that there are no hard trade-offs that prevent countries from performing well in all areas.

- Germany scores high on most indicators of job quantity and quality, but fares less well on inclusiveness, partly because a high incidence of part-time work, particularly among women, weighs on labour income and job prospects.
- The share of workers in relative poverty after taking into account taxes and transfers is 10%, marginally below the OECD average. A sharp drop in coverage of workers with collective bargaining agreements is one factor. In addition, a high labour tax burden on full-time jobs tends to promote part-time employment, the so-called Mini- and Midi-Jobs. These jobs are subject to reduced taxes and social contributions, but can limit access to training and career progression.

- Germany performs worse than the OECD average in terms of the gender labour income gap, reflecting primarily a high incidence of low working hours among women. In addition to having a favourable tax treatment of part-time work in general, Germany’s system of joint taxation tends to discourage full-time employment by the second earners.

**FRAMEWORK CONDITIONS FOR RESILIENCE AND ADAPTABILITY**

Labour market resilience and adaptability are important to absorb and adjust to economic shocks and make the most of new opportunities. Resilience is crucial to limit the short-term costs of economic downturns. Labour productivity is a key pre-condition for high growth of output, employment and wages and central to long-term growth in living standards. Finally, skills are key to improving workers’ productivity and wages and provide an indication of the readiness to respond to future challenges.

- The extent and the persistence of the unemployment increase following the last economic downturn has been limited in Germany, as indicated by a score around the OECD average for the average employment resilience over the period 2000-16.

- Labour productivity growth over the period 2010-2016 is slightly below the OECD average. Relatively low public and private investment, including in digital infrastructure, and a high share of low-skill, low-hours employment are likely contributors. At the same time, the share of low-performing students is low and declining.

### Framework conditions for Germany

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<thead>
<tr>
<th>Resilience</th>
<th>Bottom OECD performer</th>
<th>Top OECD performer</th>
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<tbody>
<tr>
<td>Unemployment cost of a decline in GDP (2000-16)</td>
<td>Spain: 0.9 pp</td>
<td>OECD: 0.4 pp</td>
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<td>Luxembourg: 0.1 pp</td>
<td>Germany: 0.4 pp</td>
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<tr>
<th>Adaptability</th>
<th>Bottom OECD performer</th>
<th>Top OECD performer</th>
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<tbody>
<tr>
<td>Labour productivity growth (2010-16)</td>
<td>Greece: -1.0%</td>
<td>OECD: 0.8%</td>
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<td>Ireland: 5.5%</td>
<td>Germany: 0.7%</td>
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<td>Mexico: 73.2%</td>
<td>OECD: 31.3%</td>
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<td>Share of low-performing students (2015)</td>
<td>Japan: 15.4%</td>
<td>Germany: 20.6%</td>
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Notes: Resilience: average increase in unemployment rate over 3 years after a negative shock to GDP of 1% (2000-16); Labour productivity growth: annual average productivity growth (2010-16), measured in per worker terms. Share of low performing students: Share of 15-year-olds not in secondary school or scoring below Level 2 in PISA (%) (2015).