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## Exchange of good practices on gender equality

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**Discussion paper – Germany**

# An assessment of Logib-D

Miriam Beblo

Berlin School of Economics and Law

## 1. Description of the main elements of the good practice

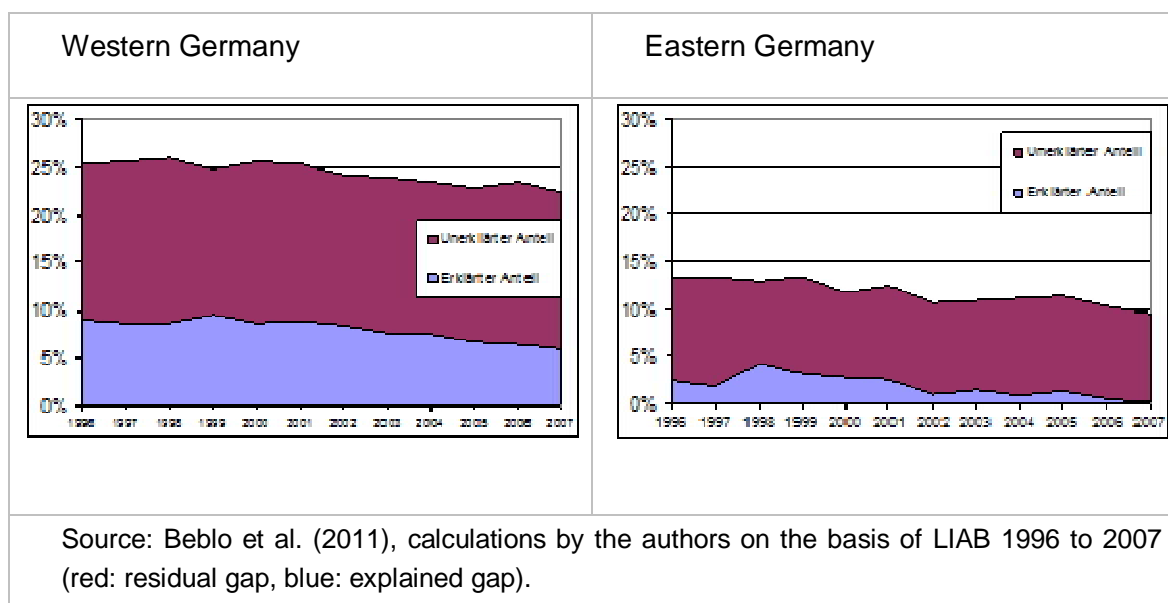
### 1.1 Background and general policy context of the host country in relation to the gender wage gap

In comparison to other EU countries, Germany lags behind in relation to pay equality. The differences in earnings between female and male employees in the private sector in Germany has remained constant, for years now, at 23 per cent, i.e., the gross hourly wages of women are, on average, 23 per cent lower than those of men; and even in the public sector, women are paid wages that are roughly seven per cent lower than those of their male colleagues (Destatis 2011). One reason for this persistent gender pay gap is that the hourly wages paid for part-time and marginal employment are generally lower than those paid for full-time work (Wolf 2010). A second reason is seen in the gender-specific vertical and horizontal segregation of the labour market: women are found in a narrower spectrum of professions than men and less frequently in highly paid management positions (Achatz et al. 2009). Thirdly, the professions in which women are typically employed are often valued less highly (also by society). While women represent roughly 80 per cent of the employees in the field of health care and social services, as well as a good two-thirds of the employees in the education and child-care sector, men account for a higher proportion of the employees in the more highly paid industrial sector, where they represent roughly three quarters of the workforce (Bundesagentur für Arbeit 2008). Fourthly, due to the fact that women are traditionally responsible for providing unpaid care, we find that women are not only more likely to be employed in marginal jobs or employed part time, they are also more likely to interrupt employment in order to perform unpaid work. A fifth reason for the gender pay gap is direct discrimination in cases where employers, as well as consumers or colleagues, have no interest in employing women, or in employing women at the same pay level as men. Furthermore, there is also what is called “statistical discrimination”, in cases where employers refer to stereotypical gender role models in order to explain women’s lower pay or their generally poorer promotion perspectives (cf. the study by Holst and Busch 2009 on women in management positions).

Since this results in considerable differences in the average human capital endowment of male and female employees (particularly with regard to employment experience), it has become common to calculate the residual gender wage gap, which is adjusted in order to take differences in human capital in addition to the observed or unadjusted gender wage gap into account. Going beyond this, recent empirical studies have focused on the differential between employees within the same establishment: the within-firm wage gap (see Gartner and Hinz, 2009; Heinze and Wolf, 2010; Wolf et al., publication pending).

Beblo et al. (2011) examined the chronological development of wage differences within establishments (as an average across all establishments) separately for western Germany and eastern Germany (see figure 1) for the period between 1996 and 2007. While the average observed wage gap in western Germany declined by approx. 3 percentage points, the residual wage gap remained constant at 15 percentage points. This means that, on average, a 15 per cent pay difference between female and male employees remained “unexplained” for all establishments and cannot be attributed to the differences in qualification that were taken into account. On a much lower level overall, the wage gap fell in eastern German establishments between 1996 and 2007 from 13 to below 10 per cent. Since the explained part of the gap fell in equal measure, the observed reduction was – just as in the West – primarily attributable to the negation of differences between the qualifications of female and male employees. The contribution of differences in human capital to the gender specific wage gap was zero in 2007, i.e., the differences in pay that were still observed could only be attributed to the other factors described above, such as qualification characteristics that were not observed, the job evaluation as well as discrimination.

Figure 1: The development of average within-firm wage gap between men and women from 1996 to 2007



There is, overall, a large variance in the wage gaps between establishments, which can only be partially explained by structural characteristics. Multivariate regression analyses show that larger establishments covered collective bargaining agreements and those that practice co-determination generally exhibit lower pay differences than smaller establishments. The results in Heinze and Wolf (2010) also reveal greater pay equality in establishments that are highly competitive on the product market.

The Federal Government has launched a number of programmes to overcome wage differences. These are intended, on the one hand, to help overcome occupational segregation and include such measures as the MINT-Pakt (Mathematics, Informatics, Natural Sciences and Technology Pact) Girls' Day, "Neue Wege für Jungs" (New Paths for Boys), the Federal initiative "Gleichstellen" (Create Equality) and the graduated scheme "Mehr Frauen in Führungspositionen" (More Women in Managerial Positions). The action programmes such as "Perspektive Wiedereinstieg" (Perspective Re-entry) provide support for women who have interrupted employment for a number of years for family reasons and now wish to re-enter the workforce. More child day care is being

provided in order to improve conditions for mothers attempting to return to their professions sooner after the birth of a child.

Equal-Pay-Day (staged since 2008 by BPW Deutschland e.V., supported by BMFSFJ), the project “LandfrauenStimmen für die Zukunft” (Rural Women’s Voices for the Future; staged by LandfrauenVerband, supported by BMFSFJ), which attempts to overcome the wage gap in rural areas, and Logib-D are all measures directly aimed at reducing the gender wage gap.

Logib-D is an instrument that allows establishments to analyse the structure of their remuneration systems by participating in a self-administered test. As a modified version of an instrument developed in Switzerland, it was programmed by the BMFSFJ in keeping with a corresponding parliamentary resolution and made available for use. Logib-D is the central focus of this paper.

## 1.2 The goals and target groups of the good practice

Since 2009, the Federal Ministry of Family Affairs, Senior Citizens, Women and Youth (Ger. abbr. BMFSFJ) has made the analytical instrument Logib-D available on the Internet, allowing establishments to conduct statistical self-assessments of pay equality, relying upon them to voluntarily take the initiative. The webtool is described as user friendly and quick. After entering the pay levels and qualification characteristics of male and female employees, the employer is provided with an anonymous analysis of the remuneration structure and, thus, a diagnosis of the wage gaps within his firm or organisation – the unadjusted wage gap as well as the wage gap adjusted to different qualification levels. This allows to immediately identify some of the factors that are responsible for the observed wage gap in the establishment. In addition, the factors that are seen as making an considerable contribution to the observed wage gap in the establishment can also be analysed in further steps, i.e. the establishment gains an initial impression as to whether the wage gap is affected by a lack of women in managerial positions or by differences in the age structures of the establishment’s female and male workforces.

While the introduction of Logib in Switzerland made it possible to verify compliance with public procurement regulations – public contracts in Switzerland are only awarded subject to an unadjusted wage gap under the tolerance threshold of 5 per cent – there is no such link in Germany. Establishments in Germany employers can analyse their pay structures voluntarily and anonymously. According to information provided by the BMFSFJ, the Federal Government decided against a link to procurement laws, because Logib is not seen as a suitable measure of discrimination. In order to make the instrument attractive on a voluntary basis, the webtool was programmed to produce a Management Report, and the BMFSFJ also offers consultant services based on the self-test, free of charge, for the first 200 establishments that express interest. The results arrived at through this consulting process are only to be discussed within the establishment and not made public. The consulting process is aimed at interpreting the Logib-D results and intended to help develop ideas for taking action to overcome the pay differences.

The specific target groups of Logib-D are personnel managers and managing directors. They are provided with an instrument to analyse pay structures, gain access to consulting and find company solutions. The intention is to make establishments more aware of pay equality and to recognise approaches to eliminating pay inequality.

Another target group are social partners. Due to wage autonomy, the state’s possibilities of direct interventions into the pay structures of existing collective bargaining agreements are rather limited. With Logib-D, the Social Partners will be able to determine instantly how a new collective bargaining agreement will affect the

existing (gender-specific) remuneration structure. This provides a statistical background for the issue to be introduced into the bargaining agenda and thus offers a chance to enhance the sensitivity of Social Partners.

### 1.3 The legal and financial provisions to implement the good practice

The principle of equal rights and equal treatment for women and men, as well as equal pay, are components of many national and international agreements. The principle of equal rights for women and men is anchored in Article 3 (2) of Germany's Basic Law. Accordingly, it is the duty of the state to enforce equal rights and to make efforts to eliminate existing disadvantages. The principle of equal pay for women and men for equal work has been a component of the EU Treaty since 1957, and of the Lisbon Treaty (Art. 157) since 1 December 2009. Since 2006, it has been the goal of the General Act on Equal Treatment (Ger. abbr. AGG) to prevent or eliminate discrimination on grounds of race, ethnic background, gender, religion or belief, disability, age or sexual orientation. The protection against discrimination in employment and working life is the focus of the AGG. In addition, the Federal Act on Gender Equality regulates the appointment of equality commissioners within administrative offices of the Federal Government and the court system. Finally, the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) called upon the Federal Republic to adopt concrete, proactive measures to reduce and eliminate pay and income differences between men and women in 2009.

The German Federal Government has provided a total of 1.5 million Euros in financing for the consultation-supported pay testing procedure Logib-D. The budget for 2010 was 416,000 Euros. Another 524,000 Euros are scheduled for the year 2011.

### 1.4 Institutional arrangements and procedures of implementation

Logib-D is an acronym for the German expression **Lohn**gleichheit im **Betrieb** (Equal Pay within an Establishment) and consists of two building blocks: a standardised pay calculator to identify the remuneration structure and individual consulting by a consultant in order to analyse details and develop options for taking action (BMFSFJ 2010).

The first module (or element) of Logib-D is a German adaptation of the original Swiss wage measurement method developed as a pay calculator (Strub 2005). Initially, employers were able to use an Excel program offline in order to test whether there were clear pay differences between women and men. Since May 2010, the BMFSFJ has been offering an additional webtool that produces a standardised report on the results after the data have been entered.

Within the context of Logib, two regression equations are estimated: in the basic regression equation the personal characteristics or human capital variables of the employees are taken into consideration, including not only gender, but also the tenure in years, the potential years of work experience, and the years of education. The resulting pay difference is similar to that illustrated in figure 1 as the second indicator of the residual or adjusted within-firm wage gap. In the expanded regression, the requirement profile of the job and the occupational status are also taken into account.

The specifications for the basic regression equation are:

$$\ln(Y_i) = \beta_0 + \beta_1 \cdot AUSB_i + \beta_2 \cdot ERWERB_i + \beta_3 \cdot ERWERB_i^2 + \beta_4 \cdot BETRIEBJ_i + \beta_5 \cdot FRAU_i$$

In this conjunction

$\ln(Y_i)$ : gross hourly wage standardised as full time pay for individual  $i$ , in logarithm

$AUSB_i$ : tyears of education of individual  $i$ ,

$ERWERB_i$ : potential employment years of individual  $i$ ,

$BETRIEBJ_i$ : tenure in years of individual (tenure)  $i$

In addition, the indicator or dummy variable is

$FRAU_i = 1$ , if the employed individual  $i$  is a female.

The estimation coefficient  $\beta_5$  for the characteristic female measures the effect of gender on pay by showing (after a mathematical transformation) how much lower the wage of female is on average if both gender are while endowed with the same characteristics.

According to Strub (2005), it is not possible to measure wage discrimination isolated from possible advancement or promotion discrimination simply by using the basic regression equation. If women are not employed in accordance to their qualifications, this contributes to the unexplained wage gap and is considered potentially discriminatory, even if women's lower pay is not a direct expression of wage discrimination, but rather the reason for their lower pay are beyond wage determination before, namely in the classification of the job (Klenner and Ziegler 2010) or its ranking in the pay scale.

In the expanded regression equation, Logib-D also takes the requirement profile of the job into consideration. The categories can, for example, be: 1. simple and/or repetitive jobs (unskilled/or with on-the-job training), 2. re-occurring specialised tasks (vocational training), 3. only partially repetitive specialised tasks (master craftsman or training and professional experience), 4. predominantly independent or highly qualified work (university education or master craftsmen, vocational academy and professional experience), 5. highly independent and highly qualified tasks (university education and over two years of professional experience), 6. highly demanding and complex work (university education and over eight years of professional training).

In addition to the data regarding the requirement profile, an additional work-place-related characteristic, is taken into consideration in the expanded regression equation, namely the "occupational status". Differentiations are made between the categories 1. without managerial responsibilities, 2. low-level management (team leadership, only task-related instructions), 3. lower level management (group or department managers, managers of small establishments (with fewer than four employees), 4. mid-level management (management of units with over 250 employees) or establishments with up to 250 employees), 5. Upper-level management (management of units with over 1000 employees or establishments with over 250 employees), 6. highest level management (management of large establishments with over 1000 employees).

In order to answer the question as to whether an adjusted pay difference can be found in an establishment, it would also be possible to examine whether the magnitude of the gender coefficient  $\beta_5$  is significantly larger than zero in statistical terms, since in cases of a very slight differential it cannot be ruled out that the result is stochastic. The variant chosen by the BMFSFJ illustrates the adjusted within-firm wage gap by using a coloured clock in which pay differences of up to roughly 5 percent are shown in green. Greater differences vary from yellow-green to yellow to red (for pay differences of up to 25 per cent). Other characteristics that can be attributed to gender, in addition to pay differences, are also illustrated by using the pay-gap clock.

As a second module to introduce Logib-D, the BMFSFJ is also making confidential remuneration consulting based on Logib-D available to 200 interested establishments free of charge. Within the context of this counselling, a consultant compiles a detailed report on the results and develops concrete firm-specific options for taking action on measures to contribute to a reduction of any wage gap that exists in cooperation with the establishment in question. The results are presented in an internal workshop, which can also be used for the purpose of discussing more extensive strategic approaches. The consultation packages are being made available at regular intervals to 25 establishments that have registered on the Internet site [www.logib-d.de](http://www.logib-d.de). In the event that more than 25 establishments with a minimum workforce of 50 employees, both male and female, have applied in one of the intervals, the advisory council chooses the establishments entitled to participate according to a list of criteria. The selected establishments are subsequently invited to an initial workshop and instructed as to the subsequent steps in the consultation process. The results of the consultation go beyond the other assessment possibilities and will be subsequently discussed in the establishments. The results are treated as strictly confidential and not published. This counselling is provided by the consulting firm of Baumgartner & Partner.

After the consultation workshop has been completed, the BMFSFJ awards the establishment a "Logib-D geprüft" ("Logib-D tested") label. Finally, a group has been established in order for them to share their experience with Logib-D, thus allowing participants to exchange information regarding problems, measures and handling the topic of equality and equal pay within an firm or organisation.

## **2. Results of the good practice and its impact on achieving gender equality**

### **2.1 Key results in relation to the baseline situation, the goals and the target groups**

According to information provided by the BMFSFJ, over 500 users have, in the meantime, compiled and printed model reports using the webtool on the Internet, 94 establishments are in the consultation process and 25 establishments have already been awarded the label.

The vast majority of the establishments queried as to their motives during the initial workshop indicated that they were planning measures related to personnel or remuneration policies (BMFSFJ 2011a). Most of them were planning to restructure their remuneration systems and/or increase their efforts to promote women. The establishments not only expected a higher degree of internal transparency in relation to their remuneration systems, but also greater transparency and an improved data base, improved recruitment and greater loyalty among highly qualified female employees. In addition, many establishments also hope to become more attractive employers by applying for Logib-D consulting. In retrospect, the establishments valued the consulting as an important impulse and as a point of departure for deriving ideas and identifying areas for taking action regarding personnel policy.

According to the consulting firm of Baumgartner & Partner, the analysis of the results to date have shown that the adjusted wage gap, at less than 10 per cent, is clearly lower than the unadjusted wage gap, which sometimes exceeds 25 per cent (BMFSFJ 2011b). With regard to the workshops, it was concluded that larger establishments have far greater potential for change and a different level of competence in the area of human resources than smaller ones (with fewer than 300 employees) or establishments with a higher proportion of blue-collar workers (metal workers).

The driving factors between differences in pay were identified as (BMFSFJ 2011b):

- A smaller proportion of women in highly-qualified and managerial functions
- No part-time jobs in highly-qualified and managerial positions
- Women not having responsibility for personnel
- A high proportion of female employees
- Loss of contact to women during parental leave
- Re-entry after the family phase in low-level positions
- Less inclination to “fight” for better jobs on the part of women whose husbands act as family breadwinners (and, consequently, less inclination to “fight” for better assessments etc.)

In order to classify these individual findings within the macroeconomic context, I recently determined the gender specific wage gaps for German employers overall, together with co-authors (Beblo et al., 2011), on the basis of a representative employer-employee database provided by the Institut für Arbeitsmarkt- und Berufsforschung (LIAB) and an estimation model adapted to the basic regression equation of the pay calculator Logib-D. According to our estimations, the average unadjusted pay difference was 25.1 per cent in western German establishments, in 2007, and 9.7 per cent in eastern German establishments. Not taking training and the number of years in the labor market into account, the wage gap is nearly three times higher in western Germany than in eastern Germany. After subtracting the gap that can be attributed the various human capital variables (basic regression equation), the remaining adjusted differences in the East and the West converge: in western German establishments the difference of 20 per cent is “only” double that of the eastern German establishments (9.8 pro cent). Interestingly, the adjusted wage gap between women and men in eastern German establishments is even higher than the unadjusted wage gap. This is due to the relatively longer periods of training and past employment as well as the higher average age of the women employed in eastern Germany who, according to our results, would be receiving even higher wages and salaries than their male colleagues, if they were receiving equal pay in relation to their human capital endowment.

If one takes the statistical distribution of the within-firm wage gaps that can only be explained by gender into consideration, one sees, on the one hand, that the large majority of establishments display a positive difference in pay between male and female employees: in western Germany some 81 per cent of all establishments systematically pay their male employees at least 5 per cent higher wages and salaries. In eastern Germany this applies to some 64 per cent. On the other hand, we see a larger variation of within-firm wage gaps, which can partially be attributed to other differences in characteristics between the establishments.

What are the characteristics of establishments that systematically pay female and male employees differently? What characteristics are typical of the establishments in which the wage gaps are very low? To find an answer, we compared the average characteristics exhibited by establishments with and without systematically adjusted wage gaps in Beblo et al. (2011).



In western Germany, establishments with systematic wage gaps (i.e., in excess of five per cent) display the following characteristics:

- More part-time employees
- Higher proportion of female employees
- Less frequently covered by collective bargaining agreements
- More likely to be in the manufacturing or the credit and insurance industries
- Higher average pay levels

In establishments in the “other services” sector, on the contrary, a smaller wage gap can be found disproportionately more often.

In eastern Germany, establishments with systematic wage differences (i.e., over 5 per cent) exhibit the following characteristics:

- Fewer employees
- Less likely to be covered by collective bargaining agreements
- More likely to be in the manufacturing or the credit and insurance industries
- High average wage levels

A negative correlation between wage gaps and collective bargaining agreements is thus confirmed for both regions, just as is the case with higher average wages in establishments with greater wage differences. The greater differences for women in high-paying establishments are consistent with the “glass ceiling effect”, which is in evidence when female employees have poorer promoting perspectives into the highest and most highly paid positions. Surprisingly, there does not seem to be a statistical correlation between co-determination and the degree of pay inequality in either eastern or western Germany.

## 2.2 Challenges, obstacles and constraints encountered

According to information provided by the consulting firm, it still tends to be difficult to recruit participants for the Logib-D project (BMFSFJ Workshop 2011c). One reason for this is that human resources managers and those responsible for personnel are not sufficiently known with Logib-D (e.g., through professional journals), a fact confirmed by clients. The consulting firm has suggested generating greater awareness through advertising measures in journals published by professional organisations, chambers of commerce and industry and magazines for personnel management.

An additional problem cited in everyday practice is the collection and surveying of data, which represents such a great hurdle for many establishments that the analysis process is delayed or the establishments must end their participation. This problem is an indication of the fact that standard data are not as well suited for processing in the field of human resources as is commonly the case in other areas of an firm or organisation (sales, controlling, financing). The drive towards professionalisation, currently in evidence in the field of human resource management (in reaction to the

threatened shortage of qualified specialists), will possibly reduce the hurdles encountered in employing Logib-D in the future. In this sense, Logib-D could even represent a push factor for modernising human resource management.

### 3. Assessment of the strengths and weaknesses of the good practice

According to the information provided by the BMFSFJ, establishments are able to profit from Logib-D in a number of ways: Logib-D can be used to benchmark personnel policy and provide regular reports and thus simplify payroll controlling. A system of remuneration and personnel policy oriented more strongly towards equality can have a positive effect on motivation, job satisfaction and employee productivity. Finally, a company can improve its image in relation to both internal and external observers and thus gain advantages in competing for highly qualified and managerial employees as well as securing their loyalty.

With Logib-D, it is indeed very easy for establishments to undertake differentiated calculations of pay inequality both for the establishment as a whole as well as for individual locations and departments. Human resources managers are provided with an instrument that makes the analysis of the wage structure decisively easier. By using model calculations and simulation models, they will not only be able to determine the effects of alternative wage policy measures on the degree of pay inequality, but also to determine in detail how the pay structure within the establishment would change. This information is especially helpful in preparing for collective bargaining processes, individual pay negotiations and job classifications, or as an aid in assessing the pay for individual jobs. In this point, I would agree with the first group of participants to gain experience with Logib-D; they saw the internal transparency that was created within the framework of the reports as a basis for creating awareness (see also BMFSFJ 2011a).

Using statistical regression analysis, Logib-D identifies the factors affecting the wage gap between men and women in establishments. Especially the comparison of all three findings – the unadjusted as well as the adjusted wage gap, basic or expanded – can help in finding an approach to reducing the wage gap within an establishment.

Our estimation of the within-firm wage gaps for all German establishments in Beblo et al. (2011) shows that the majority of German establishments lag far behind in this regard. 81 per cent of the establishments in the West and 64 per cent in the East pay their female employees lower wages than their male employees, although the difference cannot be explained by differences in education, training or experience. The fact that the wage differences vary considerably between establishments seems to be the result of a number of other systematic differences. What is likely to be the most important finding of our study for policy makers may be the clear statistical correlation between the degree of pay inequality within an establishment and its being covered by collective bargaining agreements. Ultimately, determining wages within an establishment is often the result of interaction between collective bargaining rules (definition of the job characteristics, classification of the job, allocation of remuneration) and the establishment's practice of applying the collective bargaining agreements and the classification of the employees in wage groups (Klenner and Ziegler 2010). In this context, the works council generally plays an important role, although without any positive effect in terms of equality, according to our results. On the whole, the establishment, as the place where gender-specific differences emerge and are maintained, seems to make an essential contribution to the explanation of pay differences. Against this background, the introduction of a pay calculator like Logib-D is a necessary initial step in creating greater transparency in pay structures and the processes of determining wages within the establishment.

Since its introduction in 2009, Logib-D has also been subject to discussion by critics. One of the points they have criticised are the limitations of the statistical methods and data employed. As a consequence, Logib-D does not take skills beyond conventional human capital factors (such as creativity, dedication, and social behaviour) into consideration and the characteristic “years of education” does not include additional and further training.

Another point is that the wage calculator is not suited, since not constructed, for diagnosing pay equality in the sense of the law – namely equal pay for work of equal value (Tondorf 2009). Thus, Tondorf and Jochmann-Döll (2010) have recommended a wage equality analysis instrument (called eg-Check) that individually analyses important components of remuneration – such as basic salary, performance rewards or supplements for difficult working conditions –in terms of equality in accordance with current law.

Klenner and Ziegler (2010) describe Logib-D as a paper tiger, because German establishments can use the calculator as a self-evaluation tool on a voluntary basis without any fear of consequences, while Swiss employers are at least required, when competing for public commissions, to prove, by means of an analysis instrument such as Logib, that there is no gender discrimination in their establishment regarding pay (after taking a tolerance threshold into consideration, this means an adjusted wage gap of no more than 5 per cent). Since Logib-D is not suited in the view of the BMFSFJ as a means of proving pay discrimination, the instrument has not been linked to sanctions in Germany. Due to the voluntary nature of participation, it must be assumed that establishments that aspire to a culture of equality and have a tendency to expect/exhibit less wage inequality will be more inclined to enter their payroll data into the Logib-D webtool. One indication of this might be seen in the deviation of the adjusted wage gap in the participating establishments (under 10 per cent according to the result report) from what was determined to be representative for Germany (20 per cent in western Germany and 10 per cent in eastern Germany).

Finally, the additional variables related to the workplace used in the expanded regression equation can themselves be a source of discrimination on grounds of gender. The formulation of the requirement profile for a job can, for example, reflect traditional (gender-specific) hierarchies or differences in job evaluation, which are in turn influenced by gender-stereotypes and prejudices (Chicha 2009). If this is the case, then the pay on the left side of the regression equation will be “explained” by differences in the gender-specific evaluation of jobs as reflected in “independent” variables on the right side, and potential discrimination mechanisms thus go undiscovered. This is also one of the reasons why we have limited ourselves to the adjusted wage difference according to the basic regression equation in our macroeconomic classification.

Despite the known average earning difference of 23 per cent in Germany, the question of within-firm wage gaps are, for the most part, taboo in the German workplace, according to a study by Sinus Sociovision (BMFSFJ 2008). There is little transparency regarding how much women and men with the same qualifications and responsibilities earn within the same establishment. The lack of transparency within an establishment with regard to differences in pay could be one of the largest hurdles to be overcome in eliminating it. According to the perceived income equity determined on the basis of the German Socio-Economic Panel, this is one of the reasons why women have lower income expectations than men (Liebig et al. 2010). Hence, the authors conclude that “The gender wage gap cannot be reduced solely by individual efforts, but more likely through greater transparency in the systems of remuneration.” (Liebig et al. 2010:16, translated).

For all of these reasons, an instrument like Logib-D is a necessary first step in initially creating more awareness and greater transparency in the wage structures and wage determination processes and in developing approaches for reducing pay inequality within the establishments themselves. Though, in view of the limitations that have been discussed, a number of questions still remain unanswered, and I would like to pose these in the course of the ensuing discussion.

## 4. Main questions and issues for debate at the meeting

- Conclusions regarding discriminatory wages within establishments: Logib-D is an instrument for analysing remuneration structures and inequalities on the basis of human capital theory. It is not able (and was not intended) to expose pay discrimination in the legal sense (equal pay for equal work or work of equal value). Hence, there are limitations on the inferences that can be drawn regarding discriminatory practices within establishments.
- Voluntary participation: Since there has been only limited interest on the part of German establishments with regard to participation to date, providing greater incentives for participation would be worth considering – this could even include obligatory disclosure of remuneration structures.
- Problem of selection: It is highly probable that the establishments that opt for Logib-D consultation represent a positive selection of establishments with lower levels of pay equality, since the average adjusted wage gap of the participating establishments is lower than the mean determined for all German establishments. The extent to which the participants to date can be categorised according to establishment characteristics (sector, size, workforce structure, collective bargaining agreements etc.) in order to be classified into the groups studied in Beblo et al. (2011) should be examined in order to assess the degree of selectivity. This could also make it possible to deliberately approach establishments considered to be more “susceptible to pay inequality”.
- Statistical inference: The reports on the results produced by the webtool for each establishment display any wage gap that is identified on a “gender-pay-gap clock”, with pay differences up to roughly 5 per cent shown in green. Greater differences vary on to yellow-green, yellow and through to red (for a wage gap of up to 25 per cent). These colours suggest a tolerated average wage gap of up to 5 per cent – regardless of its variance. A more statistically accurate depiction would take the standard errors into account (and thus also make the implicitly tolerated wage gap dependent upon the size of the establishment).
- Effectiveness of the instrument: the assessment of Logib-D’s success is currently limited to regularly determining how often it has been accessed on the website, as an Excel tool and as a webtool. In addition, the consulting processes and number of Logib-D labels awarded are also recorded. It is my impression that the protocols generated during consulting processes could be analysed in a more systematic manner, for example in relation to the correlation between remuneration structures and establishment characteristics. Beyond this, an extensive evaluation of the entire measure, after the completion of the cost-free consulting processes, would seem to be advisable – possibly also within the context of other measures targeted at reducing the gender wage gap, i.e., Equal-Pay-Day and the project “LandfrauenStimmen für die Zukunft”.

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