



To the point!

Cross-Asset- and Strategy-Research

Today is Equal Pay Day in Germany

The gender pay gap remains significant in Germany

Today, March 7th, is Equal Pay Day in Germany. Why today? Because 18% of the year 2025 has already passed – yes, really! –, and in 2023, the so-called Gender Pay Gap (GPG), which measures the average pay difference between men and women, stood at 18%, too. In other words, until this morning, women in Germany were effectively working for free compared to their male counterparts.

The gender pay gap: An initial assessment

Germany's female workforce participation is relatively high, with 75% of working age women employed, compared to an OECD average of just 71%. However, when it comes to the GPG, Germany falls short. The GPG consistently exceeds the international norm (see fig. 1). Although there has been a continuous downward trend over the past 30 years, convergence happens at a snail's pace. If the trend of the past three decades were to continue, the GPG in Germany would only disappear in about 90 years. Moreover, the previously positive trend has reversed since the pandemic (see fig. 2).

Why the gender pay gap remains high

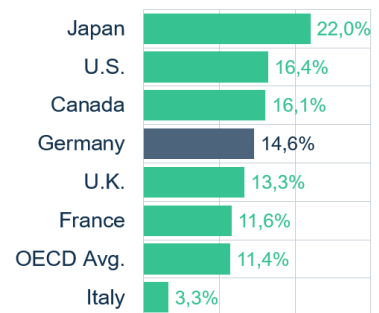
Of course, one might argue that this is comparing apples to oranges, and to some extent, that is true. The career paths of women and men are still very different, even today. When comparing the earnings of both genders based on similar qualifications, career levels, professions, and employment levels, the adjusted GPG shrinks. However, even then, the principle of "equal pay for equal work" remains elusive. True equality is found in the lower income segments in Germany, only, where minimum wages or where collective agreements are in place.

Moritz Kraemer -- Chief Economist

LBBWResearch@LBBW.de

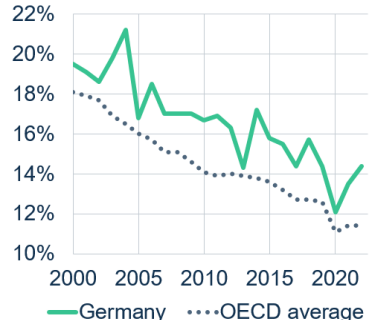
March 7, 2025

Fig. 1: Gender pay gap in G7 countries



Source: [OECD](#), LBBW Research (Definition: % of median male income. The OECD definition differs from the definition referred to in the first paragraph)

Fig. 2: Gender Pay Gap over time



Quelle: [OECD](#), LBBW Research.

Women in Germany disproportionately work part-time, which also means that career advancement is more challenging, often leading to a “glass ceiling”. The higher up the hierarchy you go, the fewer women you will encounter. Compounding the issue is that women bear the lion’s share of unpaid so-called “care work”, such as raising children or caring for elderly parents, as well as handling household chores, shopping, laundry, and so on.

Women also tend to choose professions with lower earnings prospects – from dental assistants to kindergarten teachers to hair-dressers. The gap starts early with traditional role models. The proportion of women in Germany studying technical subjects is among the lowest in the OECD. The typical wage difference in female- and male-dominated professions is a key factor in the structural GPG and helps explain the persistence of the pay gap.

What policymakers can do

Policymakers can help make work more accessible and attractive for women. This includes better childcare and eldercare provisions. Mothers of school-aged children work an average of four to six hours less per week than they would like to. This corresponds to an untapped potential of 645,000 full-time jobs! Additionally, eliminating counterproductive financial incentives, such as those caused by the income splitting tax benefit for married couples, should be on the agenda. This tax benefit in Germany often discourages secondary earners, typically women, from working more hours or seeking higher-paying jobs because it leads to high marginal tax rates. Finally, German politics itself is not exactly a role model: In [the newly elected Bundestag](#) (the German lower house), only 32% of the members are women, much fewer than ten years ago. The range spans from 12% in the far-right Alternative for Germany (AfD) to 61% in the Green faction.

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Key causes:
part-time work,
career choice,
care work

Action needed
to reduce the
gender pay gap

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