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Marginal part-time employment or let die?

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Marginal employment, known as mini-job, is a situation where it has not been worthwhile to work longer hours. This is an obstacle for securing a sustainable supply of labor and a continuation of the status quo nor a complete proper solution. A well-thought-out reform can lead to an improvement of the overall situation of employment, which is feasible.

Mini-jobs are one of the employment forms in Germany in the past one and a half decades. The dispute employment in the First Law for Modern Services. In the law the so-called mini-jobs were established and contribution scale as a transition into employment.

As was already the case before 1999, this law on security whether a mini-job is a person's main job have been tax-free for the employees, although that. Furthermore, the reform raised the monthly wage 400 euros. The restriction of weekly working hours dropped without replacement.

The pros and cons of marginal part-time

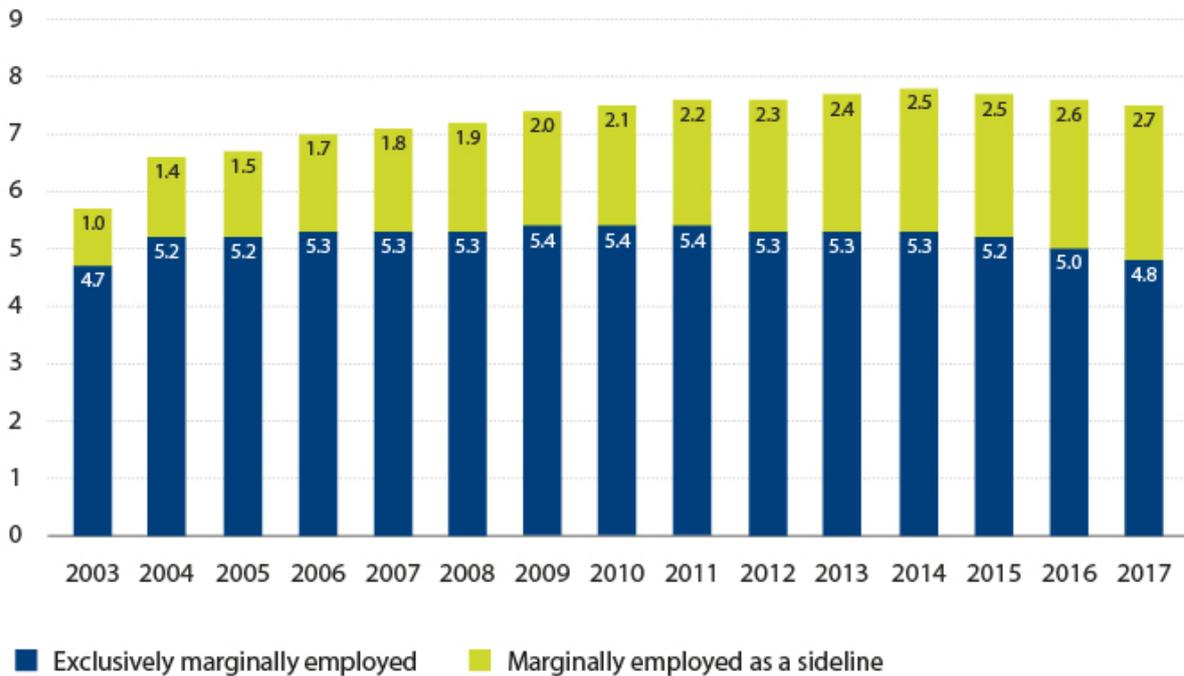
In the debate surrounding mini-jobs serious arguments in favour of this employment form are that it enables an unbureaucratic way and that it may facilitate an increase in firms' flexibility with regard to staff of undeclared employment.

However, these advantages came at a price, especially desired transitions into employment covered by social security thresholds. Regulations pertaining to employment marginal part-time jobs for longer periods accrued can have negative effects for firms, too. If it skilled labour potential is lost.

Suggestions regarding a new reform of mini-jobs include the threshold to complete elimination of the existing social security contributions. The research findings that are summarized in the following and various reform options

Figure 1: The development of marginal part-time employment from 2003 to 2017¹

In millions



¹Reference date is 30 June of each year.

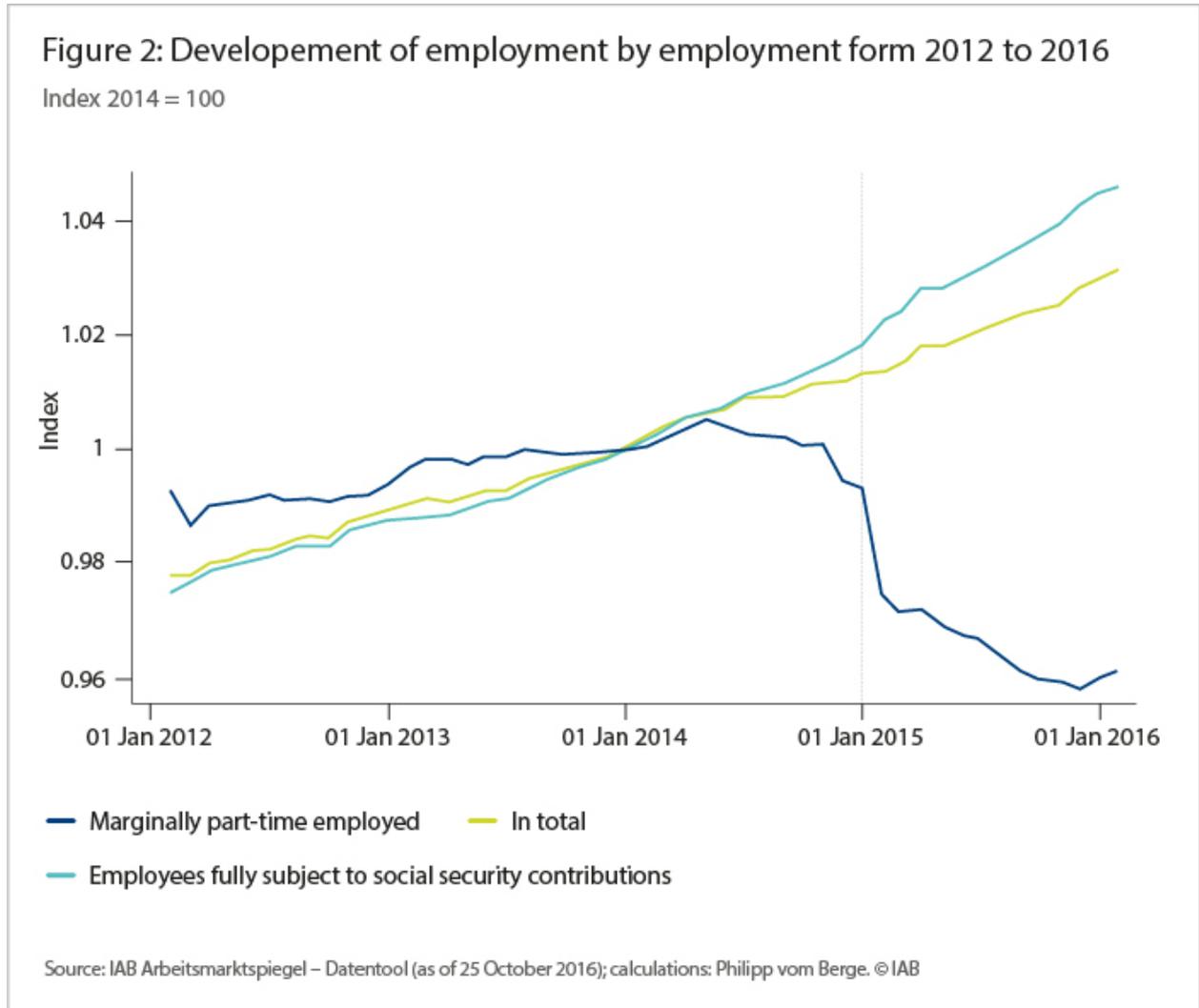
Source: Statistics provided by the Federal Employment Agency, December 2017. © IAB

The number of mini-jobs as a second job

The number of mini-jobs increased overall from 5.7 million in 2003 to 7.5 million by 2017 (see Figure 1). The number of exclusively marginally employed persons developed differently in this period. After the introduction of the mini-job, the number of exclusively marginally employed persons rose only slightly from 4.7 million in 2003 to 5.2 million in 2004, but rose only slightly to 5.4 million in 2011. The number of marginally employed persons as a second job has declined steadily, to 4.8 million in 2017. The number of mini-jobs as a second job has grown continuously, from 1.0 million in 2003 to 2.7 million in 2017.

Research findings suggest that the number of exclusively marginally employed persons declined after the introduction of the minimum wage was introduced. However, according to the findings of the IAB, the number of exclusively marginally employed persons has declined steadily since 2011.

time employment was probably partly offset by a jobs subject to social security contributions (s evident is that, with the given monthly wage thr wage has to lead to a reduction of working hours



Sociodemographic composition and employment

Compared to workers in employment covered by soc workers are over-represented in the group with a to their own statements a good 40 percent of tho

extent househusbands), somewhat more than 20 per cent are retired, and just over 10 per cent mini-jobs are found in the services sector, especially in the retail sector.

Analyses reveal that a change in the sociodemographic structure, such as the higher labour-force participation of women, and a shift in favour of services, have not had any effect on the number of mini-jobs. The increase in part-time employment as shown by the author's 2014 study of individuals, partly in response to altered institutional conditions, is a possible reason for this. In Germany, mini-jobs are exempt from being subject to lower taxes and social security contributions, which makes this employment form equally attractive for many employers and employees.

Firms' motives for using mini-jobs

For using mini-jobs, employers currently pay flat-rate contributions of 13 per cent of the gross wage, and flat-rate contributions of 2 per cent to social security. In addition, a flat-rate tax of 2 per cent is levied on the gross wage. Contributions are higher than those paid for employees in regular employment (just under 20 per cent), yet the overall burden is lower because of the exemption from tax and insurance contributions. Being exempt from tax and insurance contributions makes mini-jobs more attractive for employers and employees. People with mini-jobs are more likely to make contributions to social security than those in regular employment.

Findings from establishment surveys show first of all that the motives for using mini-jobs differ not only between industries but also between establishments. The smaller the establishment is, the more likely it is to use mini-jobs. The average number of mini-jobs per establishment is 1.5. While firms report in approximately half of the establishments that the use of mini-jobs is primarily due to temporary demand, in the other half it is primarily due to the fact that the firm has a high number of employees who wish to work part-time.

Studies looking into a possible displacement of regular employees by mini-jobs at firm level indicate that this may be the case in certain sectors, for example in the retail sector.

social work sector. What remains unanswered is whether firms' needs or from those of the workers themselves.

Workers' motives for taking up mini-jobs

The fact that mini-jobs are exempt from taxes and themselves makes such jobs attractive for many workers. Income splitting for married couples in tax law, pension and health insurance schemes, for example.

The spread of mini-jobs is also encouraged by the too short and too inflexible and often prevent workers would like to. Furthermore, especially low-wage worthwhile for them to work longer hours if this child in child-care longer.

Mini-jobbers cite a number of reasons for having money and see their job as an opportunity to maintain the share of people with mini-jobs who have no children because especially the low-skilled nowadays are household constellation also plays a role. For those with a partner and children are more likely to have children.

The fact that mini-jobbers are irrespective of their additional job more frequently than any other group due to such workers being more likely to want to regular employment. This is in line with findings that would like to work more hours on average.

Bridging function of mini-jobs

Analyses of the transitions out of marginal part-time what is suggested by the high search intensity, regular employment. Recipients of basic income often take up the mini-job several months after beginning was taken up during the first few months of benefit.

analysis by Torsten Lietzmann, Paul Schmelzer and others indicate that mini-jobs counteract a devaluation of labour remaining in the labour market and reduce the du

Reasons for restricting mini-jobs

The available research findings do not advocate a policy that would abruptly rob firms of a personnel-policy instrument that is an attractive and flexible source of additional earnings in the labour market. However, the results do indeed indicate that a restriction of mini-jobs does not reduce total hours worked by social security agencies as can be shown by simulation. The jobs would then be available elsewhere in labour market.

Moreover, an increased probability of mini-jobs and their contributions should improve the chances of low-income workers, providing many of them with a living wage. In addition, in a household context to work longer working hours can serve to secure skilled labour but in the longer term it can be to the workers concerned. Institutional changes can be implemented indirectly or to limit their scope directly. For example, by providing complementary options.

Reform approach 1: Strictly monitoring minimum wage and other employment laws

A first starting point for restricting the scope of mini-jobs regulations is an effective minimum wage. Although there is a limit on working hours in mini-jobs, the statutory maximum is 52 hours per month. Taking the currently valid minimum wage and the monthly threshold of 450 euros as a basis, a worker would work a maximum of just under 49 hours per month if the minimum wage was introduced (8.50 euros per hour). This is still a good 52 hours per month or 12.2 hours per

The minimum wage is effective if employers also jobs. Consistent recording and effective monitoring time jobs can counteract activities in the shadow working hours. Obligations to record working time encourage firms to comply with regulations that regarding continued payment of wages during sick that there is room for improvement in this respect of both firms and workers.

Reform approach II: Scaling back and derivative entitlement to social security

Another indirect restriction of mini-jobs could taxation and social security for couples when on options here are phasing out income splitting for it by a tax splitting scheme for families, or for example widows pensions or contribution-free health employment covered by social security more attractive

Reform approach III: Expanding care

Better and more comprehensive child-care facilities would boost incentives to work longer hours. This affordable, high-quality care facilities and improve for instance early in the mornings and evenings caring responsibilities to take up jobs with longer hours therefore create more freedom of choice, which would mini-jobs.

Reform approach IV: Extending incentives

Effective incentives to work longer hours could additional income while in receipt of unemployment Currently both systems allow benefit recipients

benefit payments, which creates strong incentive working hours. Income above this level is deducted between 80 and 100 percent.

If general exemption thresholds and allowances working hours were remunerated better, benefit jobs. A 2018 study by Kerstin Bruckmeier et al. the rate at which earned income is deducted from benefits, such as housing benefit or supplementa

A possibly resulting more difficult access to th counteracted by means of targeted labour market training measures, temporary employment subsidie employees.

Reform approach V: Limiting the p second jobs

A direct option to limit the scope of mini-jobs used as second jobs fully to taxation and social between 1999 and 2003. In this way existing diff conventional overtime is generally fully subject contributions, mini-jobs performed for a differe treatment. By converting second jobs, it would b employment covered by social security for the lo considering in this respect would be to extend t that is granted for certain forms of self-employ types of additional employment, thereby leaving

Reform approach VI: Lowering the mi di - job zone downwards

With respect to mini-jobs as a person s exclusiv wage threshold again step by step. This would gi

regulation. The medium-term aim could be to bring its preferential treatment into line with the rule (day rule). If the statutory minimum wage is taken into account, the minimum wage would be 1300.01 euros per month. The additional tax revenues and expected from this could be used, for example, for the expansion of child-care facilities and other care services particularly addressing the work-life balance. Although mini-jobs concerned pay lower social security contribution

Reform approach VII: Focussing mini-jobs on school pupils, students and pensioners

The broadest re-regulation would be to restrict social security contributions for mini-jobs to school pupils and pensioners by the fact that for these groups of workers job is a desirable alternative. This major restriction would be used in order to fund care services particularly addressing the work-life balance.

Conclusion

Adjusting the regulations on mini-jobs and the benefit system could help to secure skilled labour and open up opportunities for people who would pay them a living wage. Seven reform options are presented, and reasons for not proceeding too hastily, and in favour of gradual adjustments, for example, is the expansion of child-care facilities and other care services. The benefit system will take time. Taking steps with that opportunities and risks of changes could be accompanied by research, and individual regulation insights gained.

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