

What Care Work Is Worth: Different Income Levels in the Social Service Sector Have Multiple Causes

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Massive demographic changes, most notably population aging and an ever growing number of women entering the workforce, have prompted an increasing number of individuals to outsource household and family responsibilities to professional providers. Due to advancements in medical care, many people have long been able to enjoy a longer life in spite of illnesses and disabilities. Modernized gender roles have changed the division of work between men and women. With more and more women joining the workforce, caregiving tasks can no longer be performed by family members alone. Against this background, the increase of professionals working in the social service sector is no surprise. According to the German Federal Statistical Office, 18.1 percent of the German workforce was employed in the health, education, and social sector in March 2014. In other words, about 5.4 million people worked to improve or maintain the physical and mental well-being of others.

Despite the rising importance of caregiving services in society, workers in this sector often earn rather low wages. Figures released for Germany by the Federal Statistical Office show that in 2013 the average gross income of daycare teachers and nurses working full time was €35,027 and €37,245 per year, respectively, which is significantly below the average income across all occupations (€42,803/year).

But care work and low wages do not always and everywhere go together. There are vast differences between countries and between occupations, as we show in our analysis of the European Labor Force Survey (EU LFS) and the US Current Population Survey (IPUMS CPS). We compare care workers' average incomes in 23 countries—the incomes of skilled workers in health and elder care and those in early education on the one hand, and those of assistants in these sectors on the other.

To ensure that countries are comparable, we use income deciles of all employed individuals aged between 15 and 64 years in our analysis. To calculate income deciles, all the incomes earned in one country are ordered from high to low and then divided into ten groups. Each of these groups contains the same number of employees. The first income decile contains the 10 percent of the population earning the lowest incomes; the tenth contains the 10 percent earning the highest incomes. The income between fifth and the sixth decile corresponds to the median income. If the average income of a certain occupational group is between the fifth and sixth decile, it means that one half of the workforce in that country earn a higher income and the other half a lower income than the average earner in that occupation.

Using seven countries as examples, we show that at first glance, skilled workers in the health and elder care sector (e.g., midwives or geriatric nurses) earn good wages in all of the countries we studied. On average, their incomes are higher than those of half of the remaining workforce in each country. However, that income advantage disappears in some countries once we perform a multivariate analysis considering age, education, type of employment, and employer size. Taking these variables into account, we can show for some countries, including Finland and Germany that professionals in the health and elder care sector earn less than persons in other occupations with comparable individual and labor market characteristics.

Summary: Although the need for social services has been increasing steadily, workers in this sector often earn low wages. But there are major differences between individual caregiving professions and between countries. In Germany, those employed in the social services sector sometimes earn less than their counterparts in other western countries. This analysis brings to light the many different causes behind these wage disparities and points out possibilities for change.

Skilled workers at elementary schools and daycare institutions in many countries earn more than people in other occupations even after taking these characteristics into account. Among the reasons for this finding is that working as a daycare or elementary school teacher in many countries requires a university education and that they are thus in the same occupational category in internationally comparative studies. This might explain the relatively strong position of skilled workers in early education in Germany.

The incomes of assistant workers in the social service sector, by contrast, are very low in nearly all countries. People employed in these occupations mostly earn much less than half of the workforce. In Germany, assistant workers in the social service sector with an average income position between the third and fourth income decile earn an average of 65 percent less than the average income across all occupations.

Our analysis reveals significant differences between the various caregiving occupations and between countries. The discrepancy between professionals and assistance workers is striking: Whereas highly qualified care workers are paid comparatively well in many countries, assistant workers almost everywhere earn less than persons with comparable qualifications in other occupations. In Germany, however, skilled workers in the health and elder care sector earn less than their counterparts in most other countries.

Why is it that care workers in Germany earn rather low wages compared to other countries? Possible explanations include structural conditions, such as the percentage of women in the social service sector, the economic demand for this kind of work, and the scope of welfare state spending. But the specific characteristics of care work, such as the “invisibility” of the tasks performed, the workers’ high level of intrinsic motivation, and their close relationships to the people they care for may also play a role. Do these explanations stand up to scrutiny?

Caregiving occupations have traditionally been a female domain. As in most other countries, the proportion of women working in these occupations in Germany is between 80 and 95 percent. Until well into the twentieth century, the earnings of women were only considered an add-on to the income of the family breadwinner, and the systematic underestimation of typical female work continues to the present day. Thus the high proportion of women working in the social service sector is one possible reason why wages are relatively low. In our analysis, we found this assumption confirmed for many countries: the higher the number of women working in the social service sector, the lower the wages there. In Germany, the proportion of women in the health and elder care sector is below the median of all countries, and yet professionals in this sector are paid below average.

The principle of supply and demand is another explanation for wage discrepancies. Changes in family structures, an ageing population, and the growing participation of women in the workforce have caused the demand for care work to increase steadily in the industrialized world. One would expect these developments to boost the wages and bargaining leverage of professionals in this field. If, however, only relatively few women work full time—in Germany, full-time female employment is below 25 percent—and care work can frequently be performed privately at home, this should negatively affect the income of professional care workers. In fact, this is exactly what happens in Germany and most other countries. Payment for social services is lower if fewer women work full time.

Another explanation for the low pay is associated with the public-good character of care work. Markets do not provide sufficient services in the social sector, or not for all persons who need help, because even though these services benefit the community as a whole, individuals are not willing or able to pay for the costs. Due to this structural lack of funding, it is usually the government that assumes most of the financial burden. As a consequence, the incomes of care workers should be higher in countries with higher welfare state spending. At



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the moment, we cannot find evidence for this connection based on the data available. In Germany and many other countries, skilled workers in the health and elder care sector earn wages below the national median despite the fact that welfare state spending is clearly above the average of all countries.

In addition to these structural characteristics, it is the very nature of care work that partly explains why wages in this sector are so low. In the caregiving occupations, intrinsic motivation tends to be very high, keeping care workers from fighting for higher wages. What is more, care work largely consists of intangible, day-to-day activities that receive little recognition and do not translate into higher pay. We therefore conducted interviews on this issue with German employees from various caregiving occupations. The interviews made it very clear that care workers knowingly accept lower wages because they love their work so much. As one male geriatric nurse said, "The reason I'm still in geriatric care, it has to do with the people. [...] If I wanted to make money, I'd do something else, you can't make money in elderly care." Many care workers say they experience their work as meaningful and satisfying. To them, therefore, the gratefulness of long-term care patients or the learning achievements of children constitute an additional reward for their work. Yet there are limits to this motivation. Due to rising workload pressures, care workers have less time to work on the tasks they consider especially meaningful. Recent strikes in the education and health care sector suggest that poor work conditions serve to diminish the acceptance of low wages.

Furthermore, our interviewees reported that their skills are underappreciated. One daycare teacher quipped that people from the outside often think, "day-care teachers, they look after the kids a little, drink coffee, and play games." That is despite the fact, she said, that her job involves very challenging tasks: "Parents don't realize that the standards of the profession today are very high, involving documentation, implementing educational plans, elementary school-level teaching [...]. Parents only see that their child is happy and that the people are nice." This state of semi-professionalization is particularly pronounced in Germany. Compared to other Western countries, only a small number of caregiving occupations require a university education; moreover, occupational profiles are sometimes poorly codified. Although vocational training programs strengthen trainees' theoretical skills, emotional, communicational, and relationship work is rarely included in the training curricula and hence not paid adequately.

Our analyses have shown that underpayment in the caregiving occupations is caused by multiple factors, but some explanations need further investigation. With regard to practice, our findings mean that if we want to improve the status of care work in financial terms, caregiving occupations have to become more attractive to men as well. Furthermore, spending for these societally important tasks should be increased and channeled in such a way that it actually benefits those working in this sector. An increased professionalization of care work would change society's perception of daycare teachers', caregivers', and nurses' work. As a consequence, these occupations should receive a higher economic recognition.

References

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