Time to care!
Work, life and inequality in the care economy

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Time to care: work, life and inequality in the care economy

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Abstract

The distribution of care work in a society plays a central role in the formation of inequality between men and women. The structure of care provision, or the distribution of caring responsibilities, is perhaps the largest single factor in the continuation of gender inequalities. As Europe emerges from the crisis, a long-overdue conversation needs to be had about the value we place on care work, which is disproportionately shouldered by women. The care economy has an overall positive impact on economic equality between the sexes, although the relationship is very complex. Based on the forthcoming FEPS-TASC report “Cherishing All Equally: inequality and the care economy” (September 2020), this policy brief reviews some of the main results and their policy implications in the light of the current pandemic hitting women disproportionally.

Key points

• The care economy is a major source of female employment;
• Countries with large care sectors tend to have lower income differences between men and women;
• The care economy tends to provide opportunities for women to work in female-dominated professions;
• Though childcare offsets some disadvantages women face in the labour market, countries with large care economies tend to have higher gender pay gaps as segregation is higher;
• Traditional care work tends to be precarious and low paid in all EU countries;
• Care work is both rewarding and onerous;
• Women and men have somewhat different work-life preferences;
• Concrete policy tools and changes should be levered to reconcile gender equality with a desire for balanced lives.
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Introduction

The distribution of care work in a society plays a central role in the formation of inequality between men and women. Historically and now, women have provided the majority of child, elder, and other forms of care. Women have often been excluded from political-economic, voluntary, cultural, and leisure activity. The structure of care provision, or the distribution of caring responsibilities, is perhaps the largest single factor in the continuation of gender inequalities.

The Covid-19 pandemic has brought into focus how reliant we are as societies on care work. Care workers, including healthcare workers, have been at the forefront in maintaining basic, essential, and life-saving services. As Europe emerges from the crisis, a long-overdue conversation needs to be had about the value we place on care work, which is disproportionately performed by women.

The care economy has an overall positive impact on economic equality between the sexes, although the relationship is complex. Countries with more expansive systems of care tend to have smaller overall earnings differences between men and women. The care economy is an important source of women’s employment, and the public provision of care releases women into the larger workforce. The resulting expansion of women’s employment reduces earnings differences between the sexes.

However, the female-dominated care sector and face-to-face services generally tend to be less well paid than other occupations (Sweeney, 2020). By providing more opportunities for women and specifically working class women to work in stereotypically female occupations the care economy contributes to occupational segregation in the labour market. Countries with expansive care economies thus tend to have more women employed, but in jobs where hourly earnings are below average. The result is that the expansion of the care economy tends to aggravate the gender pay gap, currently still at a staggering EU average of 16% with large variation between countries.

In addition to pay considerations, care work is highly challenging. Though there are variations across countries, care work tends to be more precarious than other forms of work. It is also more physically and emotionally taxing. Finally, care workers generally have less autonomy and are vulnerable to various forms of mistreatment, including high levels of physical violence. However, care work is fulfilling, and care workers derive much meaning from their work.
1 - Economic inequality

Economic inequality can be measured in many ways. The overall earnings of a person correspond to the total income earned through paid employment. The total earnings gap is the difference in total earnings between men and women. It is affected by male-female differences in employment, differences in the number of hours worked, and differences in hourly pay. Differences in hourly pay correspond to the gender pay gap, and constitute the other important measure of economic inequality between the sexes.

There are several ways through which the system of care in a country expands or limits women’s participation in economic life. One is through direct employment of child, elder and disability care workers. A broader conception of care includes not only conventional care workers but also healthcare, educational, and other types of paid carers. The broader care economy is a major source of female employment. More women at work increases female earnings, and reduces the overall earnings gap.

The extent to which a country’s system of care provision encourages part-time work is another channel through which care affects women’s economic opportunities. Women and caregivers desire to work part-time given the flexibility it affords them in balancing work and family commitments. The existence of caring responsibilities, especially motherhood, increases the likelihood of working part-time. Though it may be desirable for some, part-time work inevitably reduces incomes through fewer hours worked and indirectly as working part-time generally pays less and provides fewer promotion opportunities.

Finally, the system of care affects gender inequality through the gender pay gap. On the one hand, affordable childcare enables families and women in particular to focus on their careers. In so doing, they can achieve promotions and raise their wages, reducing the hourly pay difference relative to men. On the other hand, the care economy provides opportunities for women to work in service occupations which are less well-paid, which aggravates the pay gap. The latter effect tends to be stronger, so that countries with large care sectors have higher gender pay gaps.

The earnings gap

For the EU-28, the average earnings difference between men and women is 33% – men earn one third more than women. Income differences are smallest in the presumably more traditional Eastern countries of Lithuania, Slovenia, Bulgaria and Latvia, as shown in Figure 1. As a bloc, the Nordics do come in second behind this group. In Finland, Denmark, and Sweden the gaps are quite similar, where male earnings exceed female earnings by about 25%.
Looking at the EU average, it can be seen that employment differences and the gender pay gap account for a similar portion of earnings differences, with hours worked being somewhat less important (figure 1).\(^1\) Aside from Slovenia and Croatia, in most of the countries where the overall gap is smallest, the remaining difference in earnings is driven by differences in hourly pay. In countries where the overall earnings gap is large, differences in hours worked and employment tend to be more important, such as in the Netherlands, the UK, Germany, Greece, and Italy. This highlights an important point that countries, which tend to be egalitarian in terms of labour force participation, often have large gender pay gaps.

**Care and the employment gap**

A comparison of those EU countries where employment differences between men and women are largest (high gap countries: Czech Republic, Greece, Italy, Malta, and Romania), and those countries where employment differences between men and women are smallest (low gap countries: Latvia, Lithuania, Slovenia, Finland, and Sweden) confirms that the *care economy constitutes the major explanatory factors in cross-country variation in gender employment gaps* (Table 1).

Comparing jobs which are large employers of women in low-gap countries but not of women in the high-gap countries enables us to identify which occupations account for the missing female workers in high-gap countries. Note this is not the same exercise as looking at which occupations are largest employers of women in low gap countries. It could be the case that waitressing is most important source of female employment in low gap countries. However, if the same or a similar proportion of women are employed in waitressing in the high gap countries, waitressing is excluded. This is because it does not account for the *extra* female workers. In other words, we consider the top five occupations where differences in female employment between the two sets of countries are largest. It looks at prime working age women.

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\(^1\) 41% of the earnings difference is due to hourly pay differences, 38% is due to differences in employment, and 21% is due to differences in hours worked
Table 1 - Female employment in high and low employment gap countries according to occupation.

<table>
<thead>
<tr>
<th>Occupation</th>
<th>High-gap: female employment (%workforce)</th>
<th>Low-gap: female employment (%workforce)</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business and administration</td>
<td>1.7</td>
<td>3.9</td>
<td>2.2</td>
</tr>
<tr>
<td>professionals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal care workers</td>
<td>1.6</td>
<td>3.4</td>
<td>1.8</td>
</tr>
<tr>
<td>Business and administration</td>
<td>2.7</td>
<td>4.0</td>
<td>1.3</td>
</tr>
<tr>
<td>associate professionals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health professionals</td>
<td>1.1</td>
<td>2.3</td>
<td>1.2</td>
</tr>
<tr>
<td>Teaching professionals</td>
<td>3.4</td>
<td>4.6</td>
<td>1.2</td>
</tr>
</tbody>
</table>


In low gap countries, i.e. the more egalitarian countries from a gender employment perspective, 3.9% of the workforce are women employed as business and administration professionals (as compared with 1.7% for the more in-egalitarian countries). Personal care services is the second largest category of the extra female jobs with countries with a low gender employment gap, where 3.4% of the workforce are women carers. Healthcare and education are also important for female employment differences between the regions. In other words, when we define the care workers broadly, we see that care occupations are a major reason as to why employment differences between men and women are large in some countries and small in others. The fact that business and administration professionals (and associate professionals) are disproportionately employed in the public sector (Sweeney, 2020), effectively the administration of the care economy, further underlines that the care economy is the source of the missing jobs in high gap countries. The greater employment, in turn, leads to lower earnings differences between men and women.

Care and the gender pay gap

There are multiple reasons as to why men and women are paid differently. Focusing on issues related to care, one reason is pay discrimination that women incur before and after childbirth. Rivera and Tilcsik (2016) find that female CVs, otherwise identical to male CVs, are less likely to be called for interview in an experiment on hiring in law firms. Follow-on questions to law partners reveal it to be a result of women being a greater ‘flight risk’ given their potential to go on maternity leave. Similarly, Oesch et al. (2017) find that mothers receive a wage penalty in an experiment where HR managers assign a starting wage to fictitious CVs.

Outside of discrimination, motherhood restricts women’s careers through a variety of other ways. Polacheck and Xiang (2014) emphasise how the division of labour within the household creates incentives for men to invest more in their careers than their (female) partners. As men are likely to have longer paid working lives than women, and as men are generally older and hence earn more than women in heterosexual relationships, there is an economic incentive for men to focus on careers and improving earnings prospects through acquiring ‘human capital’ (ibid.). The incentive is for women to
focus on domestic work such as caring responsibilities. The presence of children causes mothers to lose experience, select into jobs that are more family-friendly but less well-remunerated, and perhaps be less productive (Budig and England, 2001).

A related issue is the extent to which an economy and occupations within it facilitate part-time work. As women are more likely than men to reconcile family and work life by availing of part-time work, the extent to which a profession penalises or not part-time work exerts a powerful influence on the gender pay gap. Goldin and Katz (2016) note that as pharmaceutical retail chains grew at the expense of independent retailers the importance of long hours diminished. As a result, the profession became more facilitative of part-time work with a consequent increase in women’s entry to the profession and a fall in the gender pay gap. It currently has one of the lowest pay gaps in the US (ibid.).

The points touch on an important theme - the tendency for men and women to work in different jobs, i.e. occupational segregation. This is driven by a variety of factors not least cultural norms and differences in occupational preferences between men and women have. As intimated above, women’s more interrupted careers leads them to more precarious, part-time, and short-term employment. If care work is defined broadly, so as to include educators, administration of caring institutions, and so on, then the care economy through the channel of occupational segregation is a major contributor to the gender pay gap. Goldin (2014) argues that occupational differences explain perhaps a third of the gender pay gap in the US. Other studies suggest it is considerably higher (Madel and Shalev, 2009).

Though not strong, the relationship between female employment rate and the gender pay gap is clearly positive (figure 2). Countries with high levels of female employment tend to have higher gender pay gaps. This is because countries with higher levels of female employment also tend to have higher levels of occupational segregation (see Mandel and Shalev, 2009). Specifically, countries with high levels of female employment also tend to employ working class women in greater numbers, and they tend to be employed in the care economy.

Figure 2 - female employment rate and the gender pay gap.

Source: EU-SILC microdata 2017 (relating to the year 2016).
2- Working conditions

Pay and working conditions in care work

Though there is considerable variation in the pay and conditions of care workers across countries, traditional early years, elder, and disability care work tends to be poorly paid in most if not all countries. A variety of factors can account for this, including feminisation of the sector, high levels of immigrant labour, and the attachment of care workers to the people they care for.

Most fundamentally, as long as care work is provided privately through the market, or public sector care wages are linked to the private market, wages will be shaped by the forces of supply and demand. The result is that wages in the care sector tend to be low. This is because, high wages are partly driven by an employer’s ability to pay. Care work, being a face-to-face service, does not lend itself to productivity improvements, so profits margins are low. Accordingly, the willingness and ability of employers to pay high wages is low. If wages were to increase sharply through either collective bargaining or credentialing, so long as care is provided through the market, the cost of care increases as profit margins are squeezed. Eventually, it becomes unaffordable to families. The little space for increases in productivity on the one hand, and the ability of households to provide care themselves when paid care becomes costly on the other, exert downward pressure on the pay and conditions of private care work.

A lack of sufficiently granular, quality and standardized data inhibits cross-country comparisons of pay and conditions of care workers. Nevertheless, available evidence suggests that care workers in the Nordic countries tend to be the best paid, and carers in Baltic countries tend to be the worst paid (Sweeney, 2020). Care workers have more precarious contracts than non-care workers in almost all EU countries.

Job quality

The value placed on care work in the market and by society bears little resemblance to the realities of care work. Care work is emotionally and physically taxing, and the conditions under which care workers operate are often extremely difficult, and without recognition. Care work can be a source of stress in several ways. For early years workers, dealing with parents, the lack of recognition accorded to the work, low staff-to-child ratios, and a lack of breaks have been cited as important stress factors (Faulkner et al., 2016). Emotional exhaustion and the stresses associated with dealing with clients, including difficult clients, are important elements in eldercare stress (Jutheberg et al., 2016; Leppanen, 2008). So-called ‘stress of conscience’ or guilt can arise in elder care and nursing work when carers are prevented from following their moral compass.

Care workers are subject to high levels of mistreatment, not least high levels of physical violence. Some have described an ‘epidemic of violence’ against healthcare workers (Gates, 2004), and workplace violence has been documented as a major component of eldercare work and working with people with disabilities (Cameron and Ross, 2007: 134-136; Hanson et al., 2015). Around 9% of care workers across the EU countries report having experienced physical violence in the last 12 months. Around 7% report having experienced discrimination (Sweeney, 2020).

Care work is also physically demanding. Elder and adult care work may involve a large amount of lifting and physical assisting of the infirm, and eldercare workers also tend to be older. Physical risks
for early years workers include infectious diseases, accidents, and also musculoskeletal disorders (McGrath, 2007). It is also physically exhausting. In most EU countries, care workers report higher rates of adverse physical strains from their work than non-care workers. Most care workers, however, do feel their work is important and carers report high levels of fulfilment (Sweeney, 2020).
3 - Policy responses and work-life preferences

The analysis presented thus far may suggest some seemingly obvious policy implications. For instance, reducing income differences requires expanding female employment, reducing the gender pay gap requires removing occupational segregation. While the pay and conditions of care work seems to have a straightforward policy implication, reducing economic inequality more broadly is more challenging.

Men and women have somewhat different work-life preferences which implies a delicate balancing of policies to reconcile a desire for a balanced life and gender equality.

There is a significant body of research on men and women’s preferences for working and living arrangements. To summarise the literature (see Sweeney, 2020), both men and women desire to spend more time doing caring work, with men exhibiting a greater desire to reduce their paid working time and allocate more time to the family. Both cultural and economic barriers prevent them from doing so. Men’s desire to reduce their working time also reflects that men have already allocated more of their time to paid work. On average men value full-time work somewhat more than women and women value part-time work somewhat more than men, particularly long part-time work (e.g. 30 hour-week). Preferences, of course, are influenced by economic, institutional, and cultural constraints and change over time – the share of women who desire to devote more and most of their time to their careers has increased (Schleutker, 2017).

It is difficult to establish to what extent preferences differ independent of the constraints imposed by economic circumstances and life-stage. For instance, a 2011 EU Commission survey of women suggests a considerably stronger desire for mothers to reduce paid working time (Stevens et al., 2011). When a child is less than one year old, about 80% of mothers express a preference for full-time unpaid care. When a child is between one and three, just over half desire to be full-time carers, and a little under a half desire to combine motherhood with part-time work. In fact, less than 10% of mothers stated a desire for full-time work when the child is between seven and eleven years old. This appears to be driven by the question framing which prefaced working preferences with ‘if you had a choice’ – in other words if there were few constraints. The study did not survey men and fathers, and their unconstrained preferences as points of comparison. In any event, the existence of some form of constraint is inevitable.

In terms of occupational preferences, women are less likely to be motivated by money in their work and deem it important that their work benefits people. Working with people is considerably more important to women than it is to men. Many male and female occupational preferences have grown more similar through time – women are becoming more interested in prestige and leadership roles, and men more interested job stability (Konrad et al., 2000). There has, however, been little convergence in the male-female difference in preference for working with people versus things (ibid.; Lippa et al., 2014).

The level of occupational segregation does seem to exaggerate the actual preference difference as gauged by surveys. In those occupations where segregation is highest, namely outside

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2 An Estonian study that asks about work preferences if one person earns enough for both suggests that the unconstrained gender difference in work preference is large – 69% of men versus 27% of women desire to work full-time, for instance. Obviously, conclusions to be drawn are limited as the survey is a single country over a limited time frame (Marre and Liis, 2006). Over two years the gap had fallen by three percentage points.
higher-skilled professions, occupational choice appears to be mostly a result of family history, cultural norms, and other social factors (Wright et al., 2015). On first inspection, the highly feminised traditional care professions conform well with male-female differences in occupational preferences – they are people-oriented. However, high-status care professions such as medicine are much more mixed. This underlines the importance of mediating factors such as pay, status, and opportunities for part-time work in translating preference differences into outcomes. Among the cultural barriers to male entry into care professions is the belief they would be perceived as un-masculine (Brodolini and Fagan, 2010).
Conclusion

The relationship between the care economy and economic inequality between women and men is complex. The care economy is a major source of women’s employment so that countries with large care economies have lower earnings differences. Moreover, the provision of childcare tends to offset some of the disadvantages that women face in the labour market. At the same time, countries providing comprehensive, affordable childcare tend to have larger care economies, which provide opportunities for women to work in female-dominated professions, professions that are often poorly paid. So on average, the care economy tends to aggravate the gender pay gap but reduce earnings differences.

The reconciliation of gender equality with men and women’s desires for a balanced life requires a delicate balancing of many factors. Influenced by a variety of institutional and social factors, survey evidence reveals that men and women have somewhat different work and life preferences. Simply expanding paid work among women is not necessarily a desirable goal. No single policy is the answer to achieving greater justice while enabling people to lead fulfilling lives.

In terms of policy implications, the European Commission, as part of its Gender Equality Strategy for 2020-2025 (European Commission, 2020b), has paid significant attention to women in top posts by tabling much on the upcoming pay transparency directive expected in the last quarter of 2020 and with its promise to unblock the women on boards directive. This is a welcome step in the right direction for more parity across key decision-making posts, including within the care economy. In light of the above considerations, however, focusing on what society at present considers the most prestigious positions will not suffice to protect the more vulnerable women taking up care services as the only way for the rest of the other women to work in other sectors. Evidence of mandatory wage transparency on closing gender pay disparities remains scarce. The results have often been disappointing, merely slowing down the growth of men’s wages without much of an impact on their female colleagues’ wages (see for instance Bennedsen et al., 2020). That is precisely why, to be truly effective, the European Commission’s directive will need to seriously take into account the realities of all women on the social and intersectional spectrum. Therefore, any discussion about pay transparency or women on boards needs to go hand-in-hand with at least another equally urgent area of action.

First and foremost, what we need is a care revolution whereby care is no longer denigrated but acknowledged for its vital contribution to society at large. For such a paradigm shift to materialise, a holistic approach must be adopted. Serious attention must be given to changing the attitudes that reinforce the message that care is not only a women’s but everyone’s issue to eventually see more men engage equally in unpaid and paid care work. Building on the momentum brought by COVID-19 and its disproportionate impact on women, the EU needs to keep up its work on bringing the work-life-balance directive one, two or even three steps further and make Europe a more egalitarian place with concrete measures to involve men in care work on an equal footing with women.

To overcome deeply engrained cultural norms and advance gender equality, a solid policy framework enabling structured smart work arrangements (see for instance Angelici & Profeta, 2020) and reduced working weeks for female and male workers alike can have profound effects on levelling the gender playing field (see for instance World Economic Forum, 2019). Workplaces also need to
facilitate part-time in a way that does not prejudice people who undertake caring work and unpaid but no less vital work. Until we get there, to mirror the essential role of the care economy, policies must ensure that the – predominantly female – workers in the sector earn decent working conditions and that those performing the lion’s share of unpaid care work do not suffer penalisation of their social rights. In that regard, an EU minimum wage scheme would be an important tool to reduce the wage gap between the feminised and non-feminised sectors (Rubery, 2003). The EU Council and Commission have reached a deal on the recovering fund hailed as “historic” agreeing on a €750 billion recovery instrument to be comprised in the next long-term EU budget (the Multiannual Financial Framework 2021-2027) (European Commission, 2020c). However, the EU budget is still far from having incorporated a gender perspective at all levels of the budgetary process or restructured revenues and expenditures to promote gender equality in a systematic manner across all programmes. Neither does it foresee targeted funds to invest in the care sector, in which women have been at the forefront as has been called for by women’s rights organisations (European Women’s Lobby, 2020). Nevertheless, Germany, Portugal and Slovenia made clear commitments to tackling the gender care gap in their Trio Presidency Declaration on Gender Equality (2020). Hence, it remains to be seen whether Europe will be able to seize it chance to use the current crisis as a jump board to instil social change towards a more altruist and sustainable society driven by well-being and equity.
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