

# Unpaid care work and the labour market

Insight Paper



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## Summary

This paper explores the link between the unequal distribution of caring work between women and men and the unequal outcomes in workforce participation, job opportunities, gender pay gaps and the gap in superannuation savings.

## Key findings

- In Australia women spend substantially more time on unpaid care work than men.
- The unequal distribution of unpaid care work reinforces gender stereotypes, such as the ‘male breadwinner model’.
- Gender inequality in unpaid care work contributes to the gender inequalities in the labour market.
- The redistribution of unpaid care work can reduce gender stereotypes and increase female workforce participation.

## What is unpaid care work and what is it worth

Care work is the work of caring for others which includes all forms of paid and unpaid work.

Paid care work is done in occupations providing a service to people that help develop their capabilities, such as childcare educators, all levels of teaching (preschool to university professors), all types of health care workers (such as nurses, doctors and therapists).<sup>1</sup>

Unpaid care work includes all forms of domestic work, such as cooking, cleaning, washing, gardening and home maintenance. It also includes taking care of children, the elderly or a family member with a long term health condition or disability as well as voluntary community work.<sup>2</sup>

Economists classify unpaid care work as a type of productive work called ‘household production’.<sup>3</sup> The products and services of unpaid care work are typically not sold on the market but consumed by a family member or by the community. Unpaid care work should not be confused with leisure because someone else, such as a cleaner or a nanny could be paid to perform the caring activity. In comparison, no other person can be paid for performing someone’s leisure time, such as reading a book or going to a movie.<sup>4</sup>

Unpaid care work is essential to the social and economic wellbeing of individuals, families and societies. The provision of unpaid care work, such as washing clothes or preparing food increases the productivity of the individual and as a consequence care work substantively contributes to economic activity of the individual and the country as a whole.<sup>5</sup>

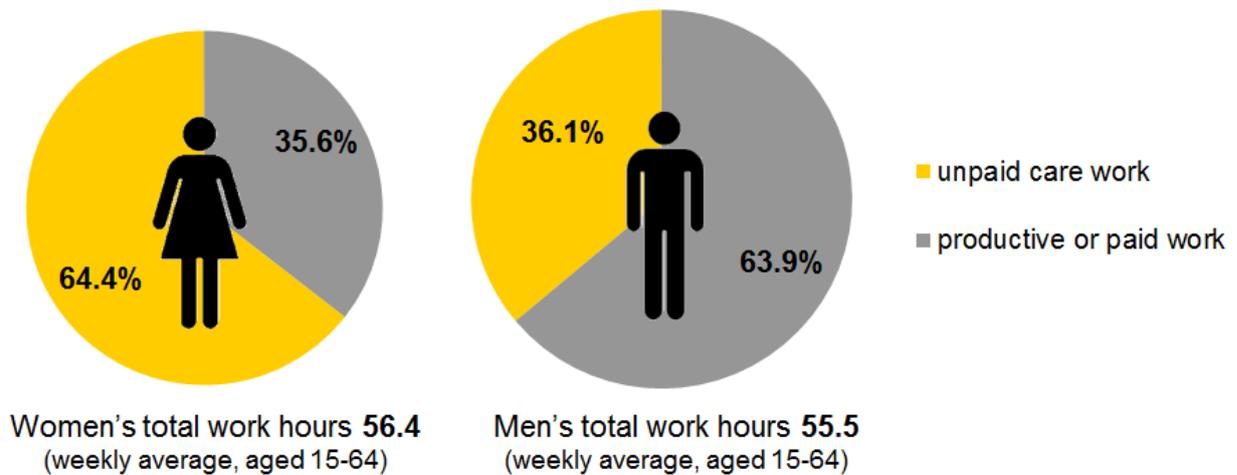
The monetary value of unpaid care work in Australia has been estimated to be \$50.1 billion, the equivalent to 50.6% of GDP.<sup>6</sup> However, unpaid care work is not included in the calculation of the GDP.

## Gender inequality in unpaid care work in Australia

Women around the world traditionally devote more time in unpaid care work than men and data from Australia confirms that unpaid care work is distributed unequally between women and men, with women providing the largest amount of unpaid care.

Women spend 64.4% (Table 1) of their average weekly working time on unpaid care work compared to 36.1% for men. This is a ‘gender time gap in unpaid care work’ of on average two hours and 19 minutes per day, which means that for every hour Australian men commit to unpaid care work, Australian women commit one hour and 48 minutes.<sup>7</sup>

**Table 1: Paid and unpaid work in Australia**



Source: Data participation rate Australia (15+ year olds), Care work data refers to the latest available year in Australia: 2006

Over the life course, the time women spend on household and care labour fluctuates considerably, yet for men it remains quite stable. For example, when women become mothers they tend to do more housework and more child-minding but spend less time in paid employment than men.<sup>8</sup> When children are born, men's time on housework tends to decline, even though the overall domestic workload increases. In addition, men's paid work usually remains stable during this life stage, indicating that becoming a parent does not usually result in big changes to fathers' paid or domestic workloads.<sup>9</sup>

In 2012-13, 48% of children (aged 0-17) in Australia were living in couple families with both parents in employment. Of these children, 60% lived in families where the mother was employed part-time,<sup>10</sup> suggesting that the majority of childrearing is done by women. In addition, women represent 70% of unpaid primary carers for children and 56.1% of unpaid carers for the elderly, people with a disability or a long-term health condition.<sup>11</sup>

The unequal distribution of unpaid care work is a barrier to reaching gender equality in the paid workforce because it reinforces gender stereotypes of the female 'homemaker' and male 'breadwinner' household model.

## Unpaid care work and female workforce participation

The time spent in unpaid care work can negatively affect a person's ability to participate fully in paid employment. A cross-country comparison found that inequalities in unpaid care work translate to inequalities in female and male labour force participation.<sup>12</sup>

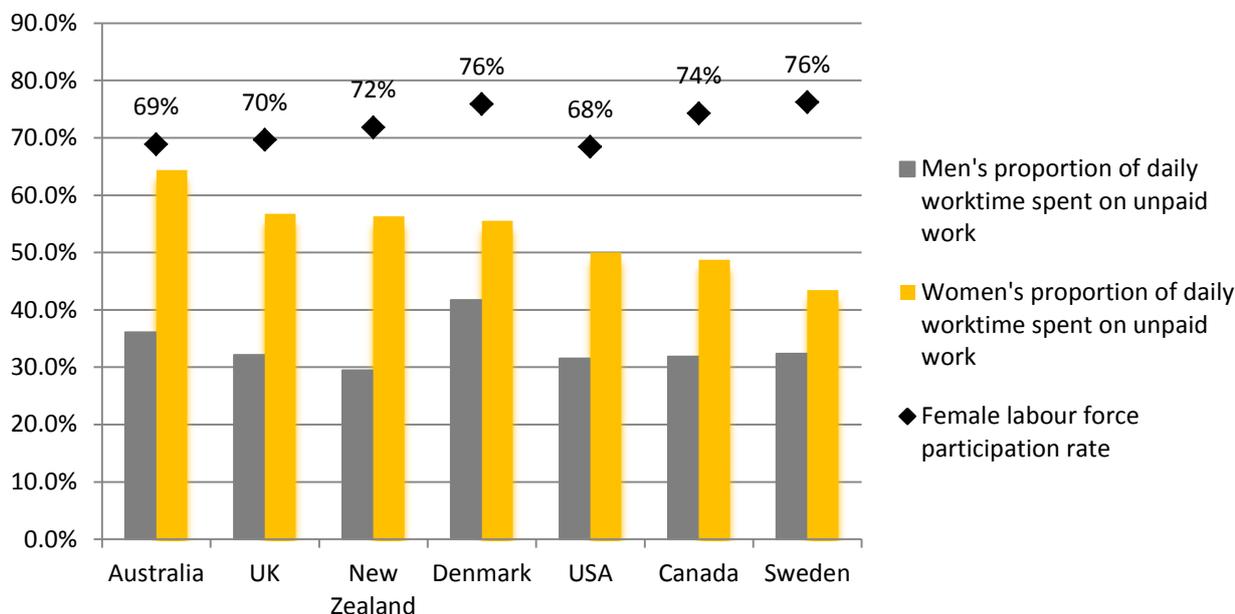
Table 2 shows that women consistently spend more time on unpaid work than men. Women in Australia spend 64.4% of the total work per day in unpaid care work, compared to 36.1% for men, women in New Zealand spend 65.4% compared to 29.4%, and women in Sweden spend 43.5% compared to 32.4% for men.

In addition, the more time women spend in unpaid care work, the lower the female workforce participation rate. In Australia, women's participation rate is 68.9%, in New Zealand 71.8% and 76.2% in Sweden. A decrease in women's time spent on unpaid care work is related to an increase in women's labour force participation.<sup>13</sup>

Countries with higher female workforce participation rates do not necessarily have a more even distribution of unpaid care work between men and women but tend to have more accessible family and childcare services.<sup>14</sup>

A significant contributor to the gender gap in workforce participation is the time women devote to unpaid caring work for children, family and other household members.

**Table 2: Time spent on unpaid care work and female workforce participation rate** (Ranked by proportion of daily worktime on unpaid care)



Source: OECD (2015) <http://www.oecd.org/gender/data/balancingpaidworkunpaidworkandleisure.htm>. Data are for 15-64 year olds, except for Australia (15+ year olds), Sweden (25-64 year olds). All data refer to the latest available year for time-use data and female participation rate: Australia: 2006; Canada: 2010; Denmark: 2001; New Zealand: 2009-10; Sweden: 2010; the United Kingdom: 2005; and the United States: 2014.

## Unpaid care work and employment quality

The time spend on unpaid care work links to the quality of employment, increasing the likelihood of working in part-time or in other forms of vulnerable paid employment, such as casual and contract work.

In Australia women are in part-time employment at three times the rate of men<sup>15</sup> and women constitute 69.1% of all part-time employees.<sup>16</sup> Women regularly choose part-time employment or other forms of vulnerable employment below their skill level to combine unpaid care and paid work.<sup>17</sup> This indicates that part-time employment is a common practice for managing work and family responsibilities for women in Australia.

Research shows that the 'part-time penalty' includes a reduction in promotion opportunities.<sup>18</sup> Part-time roles do not offer the same security and predictability as full-time roles, often carry less responsibility and can mean limited career options.<sup>19</sup> These roles are perceived as being less challenging, and less likely to result in a promotion when compared to full-time roles.<sup>20</sup> In addition, according to WGEA data the annualised base salary for part-time employment is \$54,154 compared to \$84,851 fulltime average base salary.<sup>21</sup> Part-time employment is also less likely to be available in senior management. WGEA data from 2014-15 shows, that only 6.3% of management positions are part-time.<sup>22</sup> This low percentage of part-time employment in management limits women's capacities to take up or stay in senior leadership roles if they are carers.

WGEA data shows that the gender pay gap is greater in part-time than in full-time positions and the total superannuation benefits earnings are lower.<sup>23</sup> In combination, the gender pay gap as well as the limited

promotion opportunities means that working part-time not only reduces current income and superannuation income, but limits long-term earning potential.

## Unpaid care and the superannuation gap

Women are more likely to take time out of the workforce to take responsibility for unpaid care work, which can interrupt paid employment patterns and result in lower earnings and superannuation contribution trajectories. This means that the current superannuation system in Australia, which is tied to paid work, creates significant inequalities in retirement incomes for those who provide unpaid care.

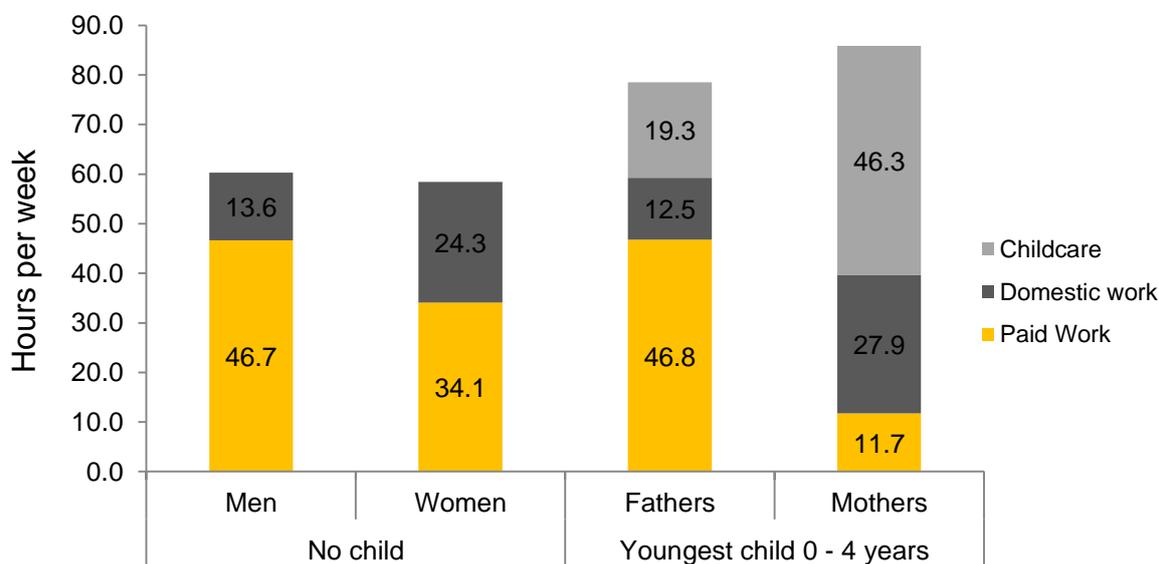
In addition, an employer does not have to pay superannuation when an employee is on paid or unpaid parental leave. Nor does the government parental leave scheme attract the superannuation guarantee.<sup>24</sup> Many women, therefore, do not receive employer-paid contributions to superannuation while on paid parental leave (although leading employers are increasingly choosing to pay women's superannuation while they are on parental leave, even though they are under no legal obligation to do).

Women are also more likely to work part-time or casually, attracting less superannuation contribution. WGEA data confirms that three in four part-time employees are female and 56.4% of the casual workforce is female.<sup>25</sup> People with interrupted workforce histories are accumulating fewer savings and are less likely to benefit from superannuation taxation concessions.

## Parenthood and time changes in paid and unpaid work

The transition into parenthood affects fathers' work participation significantly less than mothers' workforce participation. Time use data from Australia shows that, women and men spend time on unpaid care work and with parenthood women and men engage in childcare. However, the data demonstrates that when women become mothers, women do on average more domestic work and more childcare and much less paid work.

**Table 3: Time spent on work by gender (no children/ youngest child 0-4 years)**



Source: Craig, Lyn (2016), Talk entitled Bad Timing: Balancing work and family in the 21<sup>st</sup> Century. Care work data refers to the latest available time use data collection in Australia in 2006

## Mothers and paid work

Many women are balancing paid work with unpaid caring responsibilities. The cumulative loss of earnings women experience usually becomes irreversible, regardless of subsequent paid employment. There are few women who end their working lives having earned the same as, or more than, men working in similar employment.

Economists have reported that raising children accounts for a 17% loss in lifetime wages for women.<sup>26</sup> Many women move into ‘mother-friendly’ occupations when they have children. These occupations may be lower-paid than the mother’s previous work and often do not reflect the woman’s ‘human capital’ – her abilities, education level or work experience.<sup>27</sup>

Taking parental leave has a negative effect on women’s wage growth and this pay penalty increases with the length of leave. Analysis of the 2009 Household Income and Labour Dynamics Australia (HILDA) data showed Australian women returning to work after 12 months parental leave were subject to an average 7% wage penalty (known as the ‘motherhood penalty’), increasing to 12% over the subsequent year.<sup>28</sup> This reflects a reduction in wage growth over time, with the greatest impact being felt while a mother has an infant child.<sup>29</sup> In contrast, a Swedish study showed that fathers’ use of parental leave had a direct positive impact on their partners’ earnings. With each month the father stayed on leave, his partner received a 6.7% growth in earnings.<sup>30</sup>

Mothers’ earnings reduce further with each additional child, particularly the third, and women with three or more children are less likely to participate in the labour market.<sup>31</sup> In this way, larger family size has a lasting impact on women’s paid workforce participation and lifetime earnings.<sup>32</sup>

## Fathers and paid work

The transition into parenthood affects fathers’ work participation, pay and career trajectories less than mothers’. Compared to women, men are more likely to return to work in a full-time capacity after the birth of a child. In direct contrast to the results for mothers, becoming a father was associated with stronger career growth and higher pay compared to childless men.<sup>33</sup> Fathers were viewed positively for hiring than non-parenting men, while mothers were less likely to be hired or promoted than non-parenting women.<sup>34</sup>

Both women and men reported that finding time to spend with family was one of the top work-life challenges, with the most popular solution being workplace flexibility.<sup>35</sup> However, the difficulties that men experienced when trying to access flexible working arrangements were significant barriers to men’s greater participation in childcare and unpaid domestic labour.<sup>36</sup>

## Flexible working arrangements increase employment quality for all carers

Workplace flexibility is ‘the ability of workers to make choices influencing when (hours), where (location) and for how long they engage in work-related tasks (patterns)’.<sup>37</sup> It also includes telecommuting, reduced hours, job sharing and varying start and finish times.

Women are twice as likely as men to request flexible work arrangements and flexibility is most often thought of as a woman’s way of juggling family and career.<sup>38</sup>

Research identifies a general reluctance by men to use family-friendly work arrangements because of the – perceived or actual – impact on their jobs, personal identities and career progression.<sup>39</sup> Men in high-paid employment are less likely to request flexible working arrangements than men in lower-paid employment, while the patterns for women were found to be consistent across all income levels.<sup>40</sup>

A culture that supports both women and men to adopt flexible working practices or part-time work can help to support employees with caring responsibilities. Performance evaluation and development criteria that are designed to be gender-neutral and which do not disadvantage employees who adopt part-time or flexible working arrangements are also important ways to support carers.

When assessing flexible work in the context of gender equality in senior roles, there is evidence to show that senior roles are often quite inflexible in nature.<sup>41</sup> This indicates that, like part-time senior roles, flexible senior roles are rarely proactively created and recruited for, and this is a barrier for women who want to advance into senior positions.

# Conclusion

Recognising and valuing the time devoted to unpaid care and the social and economic contribution of unpaid care work to the wellbeing of societies is essential in overcoming the unequal distribution of unpaid care work.

Addressing the stereotypes associated with caring work means challenging the 'female care giver' and the 'male breadwinner' model and distributing unpaid care work evenly across household members regardless of their gender.

A redistribution of unpaid care work between families, employers and support services may lead to the decrease in women's share of unpaid care work and thus to the increase in the female workforce participation rate.

Workplaces that offer family friendly working conditions, such as flexible working schedules, working from home arrangements and primary and secondary carer's leave entitlements enable parents to balance their caring responsibilities with working hours.

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<sup>9</sup> Craig, L. (2016). Bad timing: Balancing work and family in the 24/7 economy. Available: <https://www.youtube.com/watch?v=zG4bWDuhHbc>

<sup>10</sup> Australian Bureau of Statistics (2012). 4442.0 - Family Characteristics and Transitions, Australia, 2012-13 . Available: <http://www.abs.gov.au/ausstats/abs@.nsf/mf/4442.0>

<sup>11</sup> Australian Bureau of Statistics (2012). Carers Australia: Summary of findings, 2012. Available: <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/D9BD84DBA2528FC9CA257C21000E4FC5?opendocument>

<sup>12</sup> Ferrant, G., Pesando, L.M. and K. Nowacka (2014), Unpaid Care Work: The missing link in the analysis of gender gaps in labour outcomes. OECD Development Centre. [https://www.oecd.org/dev/development-gender/Unpaid\\_care\\_work.pdf](https://www.oecd.org/dev/development-gender/Unpaid_care_work.pdf)

<sup>13</sup> Ferrant, G., Pesando, L.M. and K. Nowacka (2014), Unpaid Care Work: The missing link in the analysis of gender gaps in labour outcomes. OECD Development Centre. [https://www.oecd.org/dev/development-gender/Unpaid\\_care\\_work.pdf](https://www.oecd.org/dev/development-gender/Unpaid_care_work.pdf)

<sup>14</sup> England, P. (2005). Emerging theories of care work. *Annual review of sociology*, 381-399.

<sup>15</sup> WGEA (2015), Australia's gender equality scorecard. Available: [https://www.wgea.gov.au/sites/default/files/2014-15-WGEA\\_SCORECARD.pdf](https://www.wgea.gov.au/sites/default/files/2014-15-WGEA_SCORECARD.pdf)

<sup>16</sup> ABS (2016), *Labour Force, Australia, Jan 2016*, cat. no. 6202.0, viewed 25 February 2016, <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0/>

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