

# Remuneration, hourly wages, overtime compensation and performance-pay

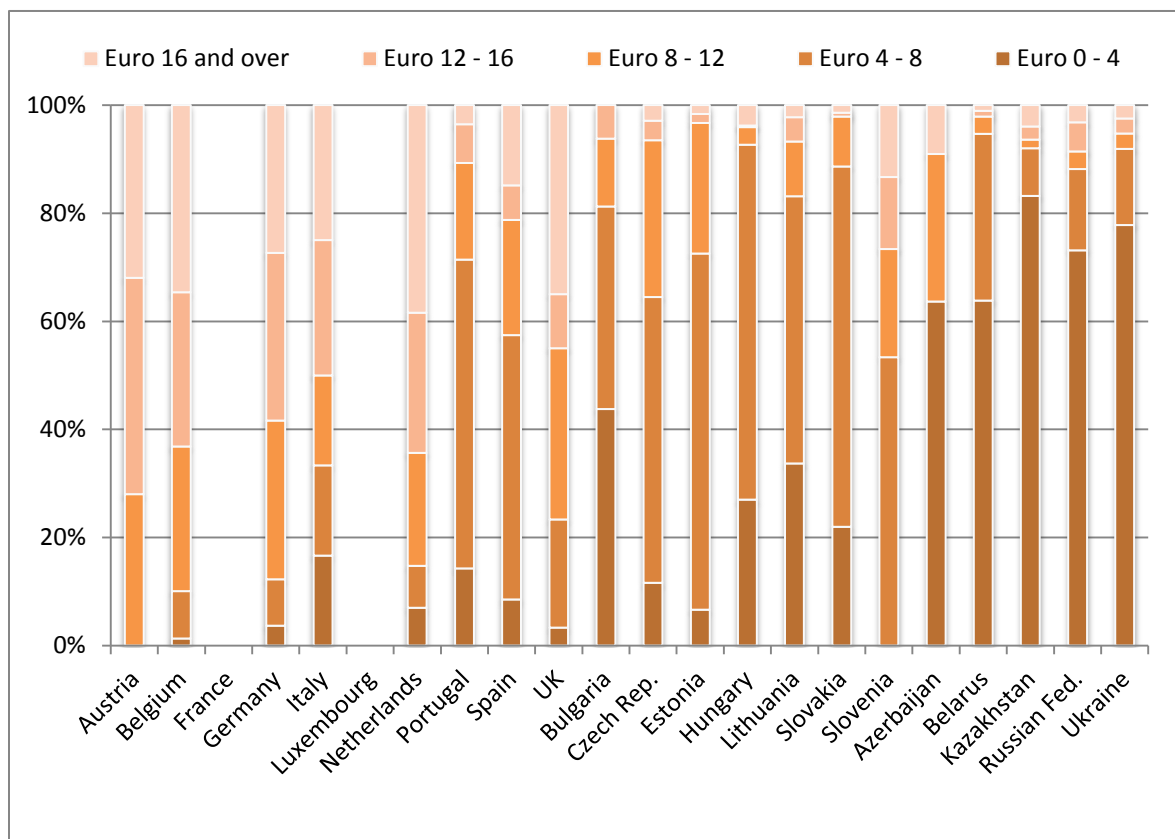
Report 4 of the [WICARE](#) project, February 2015

What are the wages of workers in the social services? Based on the 2013-2014 data of the WageIndicator survey on work and wages, WICARE aims to explore this topic. What do workers earn in the social services? To provide an answer to this question, the survey includes questions about wages which are similar across countries. The data used covers the period between January 2013 and September 2014. A three-step procedure has been applied to harmonize this wage data across countries and across survey years. First, all wages are measured in the national currencies. These wages have been converted to hourly wages. Second, using the World Bank's purchasing power parity (PPP) indices, the hourly wages have been converted into standardized US dollars so that the wage data becomes comparable across countries. Third, to make the wage information more easily understandable for an European audience, the standardized US dollars wages (level 2013) have been converted into standardized Euros for Germany (level 2013).

BOX: This report is part of the [WICARE](#) project, funded through the EU Industrial Relations and Social Dialogue Program of the European Commission (nr VS/2013/0404, DEC 2013 - NOV 2014). WICARE is coordinated by the University of Amsterdam/AIAS. Its main partner is the European Federation of Public Services Unions ([EPSU](#), Richard Pond and Mathias Maucher) in Brussels, the largest federation of the [ETUC](#) comprising of 8 million public service workers from over 250 trade unions; EPSU organises workers in the utilities, health and social services and local and national administration, in all European countries including in the EU's Eastern Neighbourhood. Other partners are the research institute [CELSI](#) in Bratislava (Brian Fabo and colleagues), and the [WageIndicator](#) Foundation (Paulien Osse). Authors: Kea Tijdens and Maarten van Klaveren, University of Amsterdam / Amsterdam Institute for Advanced labour Studies ([AIAS](#)). Sole responsibility for the project lies with the authors. More information about the [project](#). Core of the WICARE project are the analyses of the data from the continuous [WageIndicator](#) web-survey on work and wages. Visitors of the national WageIndicator websites are invited to complete the survey. Survey data is used from workers in the residential care activities and the social work activities without accommodation, collected between 1/1/2013 and 30/9/ 2014 from the web survey and a printed version of the survey, which was distributed by the national affiliates of EPSU. For Azerbaijan, Belarus, Belgium, Kazakhstan, Russian Federation, and Ukraine data-collection was prolonged until 31/01/2015. In total 9,143 workers started the questionnaire, of which 4,223 gave valid details about their wages. Per country the number of observations ranges from 20 in Bulgaria to 2,911 in the Netherlands. On 18/11/2014 the draft project results are presented at a conference in Amsterdam. The current report is the version of 28/02/2015.

Figure 1 shows the distribution of the hourly wages over five categories. Obviously, large wage differentials exist across countries even if corrected for differences in purchasing power across countries. Whereas none of the workers in Austria fall in the bracket Euro 0 - 4, more than eight in ten workers do so in Kazakhstan and Ukraine, and seven in ten in the Russian Federation. While almost four in ten workers in the Netherlands fall in the bracket of 16 Euro and over, less than one in twenty do so in Portugal, Czech Republic, Estonia, Hungary, Lithuania, Slovakia, Kazakhstan, the Russian Federation, and Ukraine.

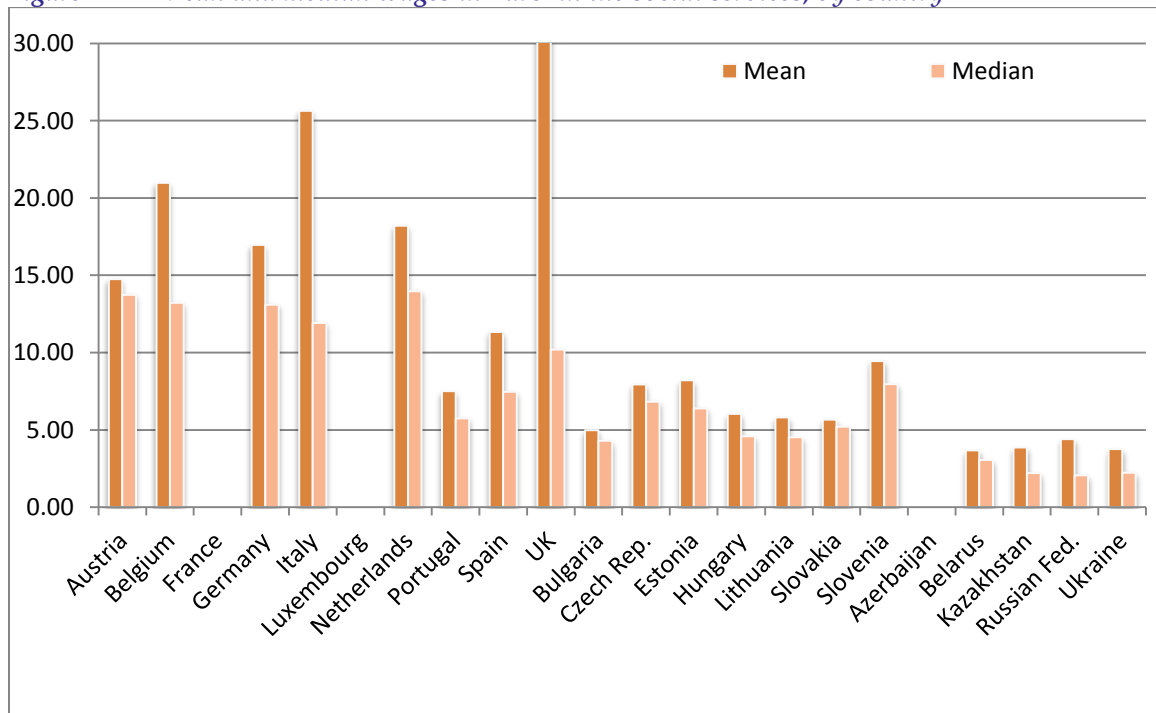
*Figure 1 Distribution over five wage brackets, by country*



Source: WageIndicator data 01-Jan-2013 - 30-Sep-2014 (AZE, BEL, BLR, KAZ, RUS, UKR: 31-Jan-2015). Selection workers with valid wage data in the social services. Wages are expressed in Standardized German Euros level 2013. N = 4,389. Countries with less than 10 observations are not shown.

In Figure 2 we use two yardsticks to measure wages: median<sup>1</sup> and mean (average) wages. In all countries the mean wages are higher than the median wages. This implies the existence of a relatively large group at the bottom of the wage distribution, and above the median a smaller number of respondents earning high(er) wages; the latter lifts the mean in most countries to some 20 to 50% above the median. This difference is much larger in three countries: the mean is double the median in Italy, more than double in the Russian Federation, and triple the median in the UK. These large differences point to a large spread (dispersion) in the range of the wages of the respondents from these countries, with relatively many in the higher end of the wage distribution. At the other end of the spectrum quite a number of countries have a compressed wage structure. In Austria and Slovakia, for example, the mean and the median are almost the same, whereas in Bulgaria, Czech Republic, Slovenia, and Belarus the differences between the median and the mean are less than 20%.

**Figure 2** Mean and median wages in Euro in the social services, by country

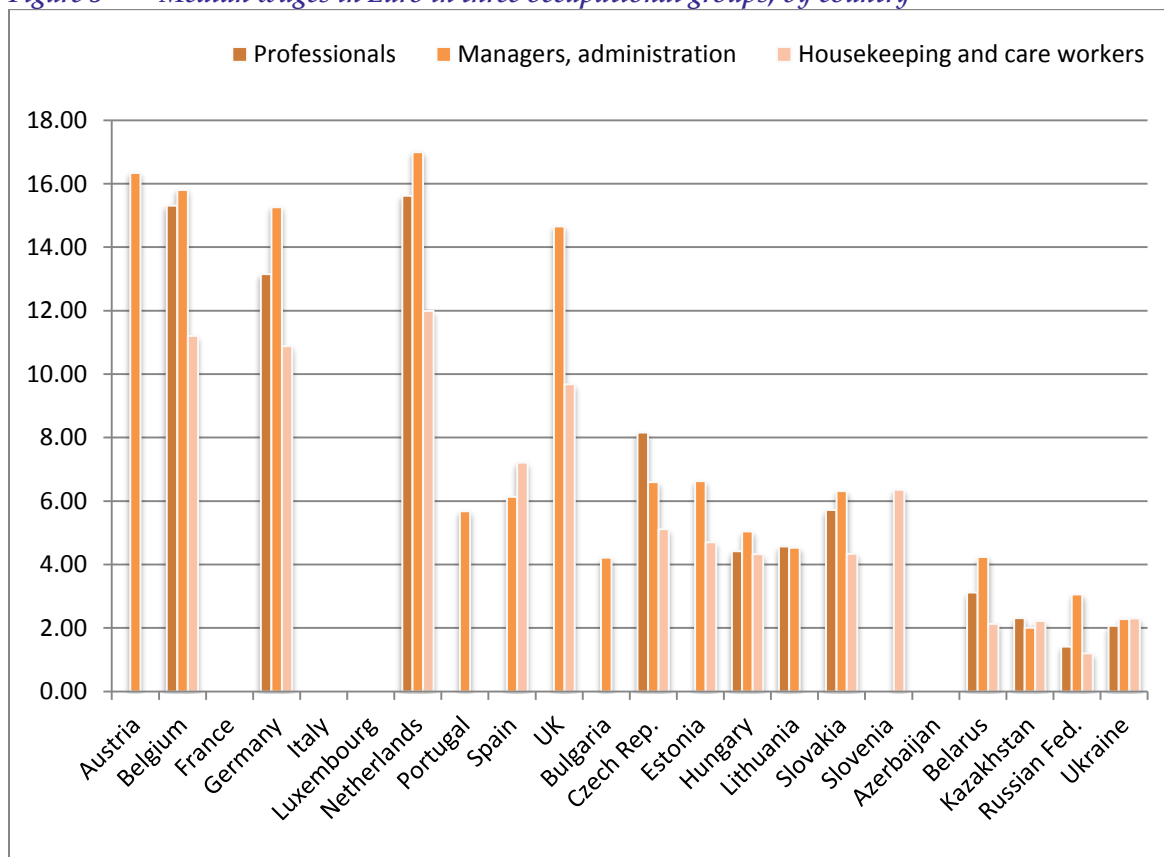


Source: WageIndicator data 01-Jan-2013 - 30-Sep-2014 (AZE, BEL, BLR, KAZ, RUS, UKR: 31-Jan-2015). Selection workers with valid wage data in the social services. Wages are expressed in Standardized German Euros level 2013. N = 4,256. Countries with less than 10 observations are not shown.

<sup>1</sup> The median value separates the higher half of a sample from the lower half. Thus, if there are nine different respondents with their wages ranked from high to low, the wage of the fifth respondent is the median.

Figure 3 shows the median wages for occupational groups. For this purpose we clustered the eleven occupations in the database into three: professionals; managers and administrative staff; and housekeeping and care workers. In eight countries these medians are highest for the managers, whereas in twelve countries they are higher for the professionals. Across countries, their wage levels are 2 to 45% above those of the housekeeping and care workers, with the exception of Ukraine where the difference is slightly in favour of the housekeeping and care workers. The largest differences between professionals on the one hand and housekeeping and care workers on the other are found in Portugal, the UK, Czech Republic, Lithuania, and Belarus, whereas the smallest differences between the two groups are found in Austria, Hungary, and Kazakhstan.

**Figure 3** Median wages in Euro in three occupational groups, by country

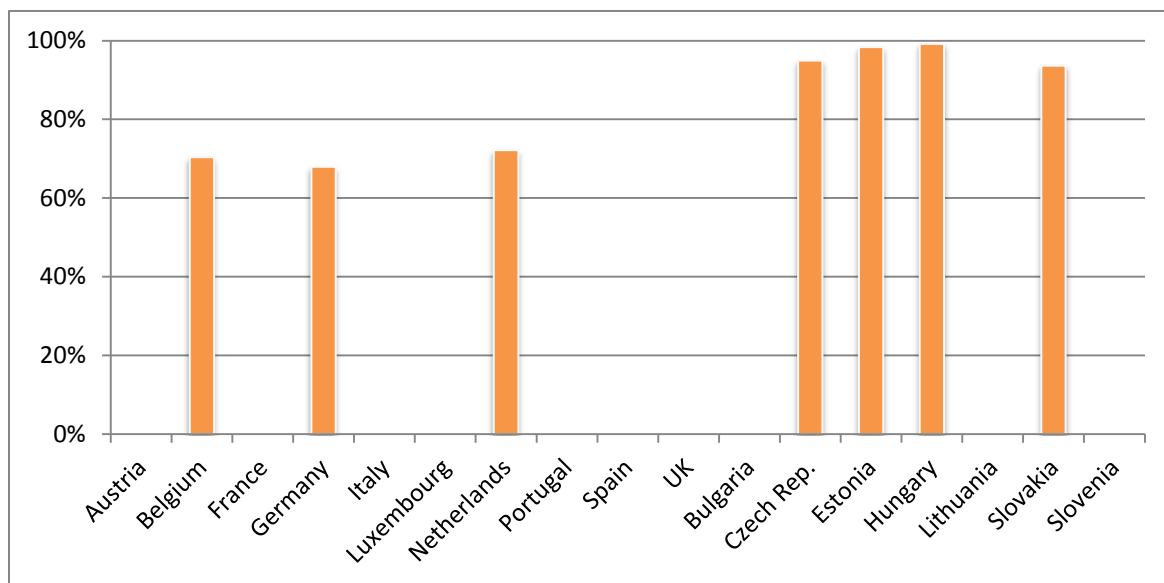


Source: WageIndicator data 01-Jan-2013 - 30-Sep-2014 (AZE, BEL, BLR, KAZ, RUS, UKR: 31-Jan-2015). Selection workers with valid wage data in the social services. Wages are expressed in Standardized German Euros level 2013. N = 4,256. Cells with less than 10 observations are not shown.

Figure 4 shows the proportions of social services workers who earn gross hourly wages (measured in standardized Euros) above the so-called low-wage threshold. This threshold has been calculated by Eurostat for the EU countries over 2010 as two-thirds of the national hourly median wage; those who earn less than that outcome are according to international agreement regarded to be ‘low-paid’. We increased the 2010 figures derived from Eurostat with the national wage increases in 2010-2013, resulting in national thresholds for 2013.

Figure 4 reveals large differences across countries for those over/below the low-wage threshold. In the Eastern European countries, the wages of all or nearly all respondents are above the low-wage threshold. In most Western European countries the situation is quite different, with considerable shares of the social services workers earning below the low-wage threshold. According to this way of measuring and concentrating on the countries with at least 100 respondents, in Belgium 30% was low-paid, in Germany 33% and in the Netherlands 29%. This is substantially higher than the low-paid averages for all sectors that Eurostat found in these countries in 2010, respectively 6% for Belgium, 22% for Germany and 18% for the Netherlands.

*Figure 4 Percentage workers paid above the wage threshold, by country*



Source: WageIndicator data 01-Jan-2013 - 30-Sep-2014 (AZE, BEL, BLR, KAZ, RUS, UKR: 31-Jan-2015). Selection workers with valid wage data in the social services. Wages are expressed in Standardized German Euros level 2013. N = 3,697. Countries with less than 100 observations are not shown.

If we concentrate on women's wages (not in the Figure), then the shares of low-paid are 1 to 3% higher than the country averages, except for Estonia and Slovenia where the shares of low-paid males are slightly higher. For example, the proportion of low-paid female workers in the social services is 31% for Belgium, 35% for Germany and 30% for the Netherlands.

We finalise this chapter with information about overtime payment and performance-related pay. The survey has questions about overtime payment in the last pay. Only in a few countries this is reported, namely Austria, Belgium, Estonia, and Lithuania. In these countries workers who have overtime hours indeed report to have received an overtime bonus. Austria reports almost three in ten that an overtime bonus was included in the last pay, followed by Lithuania with two in ten, while in Estonia this is reported by a few per cents. The survey includes also a question about performance-related pay. This refers to individual as well as to group-based performance pay. Both are extremely little reported, namely less than 2% for both.

What about remuneration in the social services? In all countries the mean wages are higher than the median wages, implying that there is a relatively large group at the bottom of the wage distribution and a smaller number of respondents earning high(er) wages. Yet in Italy, the Russian Federation and the UK the wages are more widely spread (dispersed) than elsewhere. Notably in five countries (Portugal, the UK, Czech Republic, Lithuania, and Belarus) wage differences between professionals and housekeeping and care workers are considerable. The proportion of low-paid workers measured along the internationally used threshold was quite low in all Eastern European countries, in contrast to Western Europe. Notably in Belgium, Germany and the Netherlands the proportion low-paid was over 30%, and among women workers even some percentages higher.

Overtime payment included in the last pay turns up rather seldom, mainly in Austria and Lithuania. Overall performance-related pay is even less reported.

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