

# What if care work were recognised as a driver of sustainable growth?

## SUMMARY

Care work provided in homes and institutions is a public good that is under-valued by society. Care workers are more likely to have low earnings and precarious working conditions. About 9 in 10 care workers are women.

Most unpaid care work within households is carried out by women. The 'unpaid care penalty' for women in the EU, which is equivalent to the earnings they lost because of this unbalanced distribution of care responsibilities, is estimated to reach €242 billion per year.

EU action in the care sector has the potential for high returns for society. Fostering the 'equal earner – equal carer model' could generate benefits of between €24 billion and €48 billion a year. EU action to promote affordable, high-quality care could produce an additional €90 billion to €160 billion in benefits each year.

*This updates a June 2022 EPRS briefing with new data and clarifications on the estimation methods used.*

## What is care work, and why does it matter?

Care work can be defined as 'the provision of personal services to meet those basic physical and mental needs that allow a person to function at a socially determined acceptable level of capability, comfort and safety'.<sup>1</sup> **Everyone provides or receives care at some point in their life.**

Care work includes some elements of the healthcare sector, in particular long-term care, which provides a range of services and assistance to support people unable to carry out everyday activities such as bathing, eating and dressing on their own. **Care work is not restricted to the health sector** – it includes childcare as well as housework, to the extent that it addresses care needs. Paid care workers may be employed formally through direct contracts with households or third-party providers. Unpaid care work is typically carried out by family members within the same household.

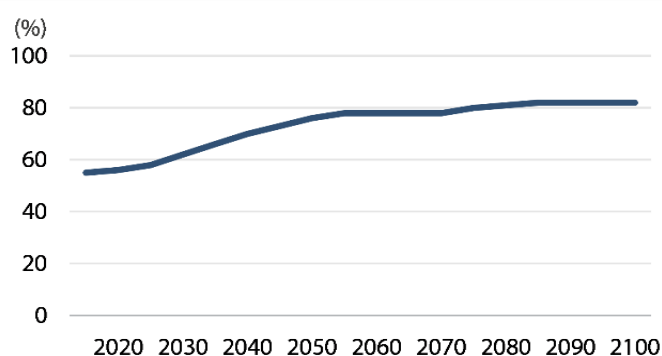
**Care work, whether carried out in homes or institutions, and whether paid or unpaid, is systematically undervalued by society**, and not always recognised as work. Women provide the bulk of care work regardless of its form and setting. The policy and legal frameworks governing provision and access to care vary across EU Member States.<sup>2</sup>

**Attention to care work intensified during the Covid-19 pandemic** as a result of school closures and the poor conditions in long-term care facilities, including the high number of deaths. As part of the response to Member States, the European Commission launched the [Recovery and Resilience Facility](#). Overall, it is estimated that Member States have dedicated about 10 % of total funds in their recovery plans to health, economic and institutional resilience, which may include investment in the care sector.<sup>3</sup> Following the European pillar of social rights, the **European Commission has committed further support to the care sector** with its proposal for a [European care strategy](#). To inform the policy debate, this briefing reviews the state of play in the care sector, and investigates the potential benefits of strengthening EU action.



## There are not enough care workers to meet the needs

Figure 1 – Share of dependents to working-age people



Source: Compiled by the authors using Eurostat variable [proj\\_19ndbi](#).

Despite current efforts by the EU and the Member States, an estimated 14% of households have an unmet need for childcare. Moreover, only about a third of the elderly population in need of home or institutional care receives such care.<sup>4</sup> **The lack of affordable quality care is a driver of unmet needs.**

The [share](#) of the elderly in the population is projected to grow, while fertility rates will remain low. As shown in Figure 1, the share of dependents to working-

age people (aged 15-64 years) is projected to reach 76% in 2050. **An ageing population will increase the demand for care**, in particular long-term care.

## The vast majority of the EU's estimated 12 million paid care workers are women

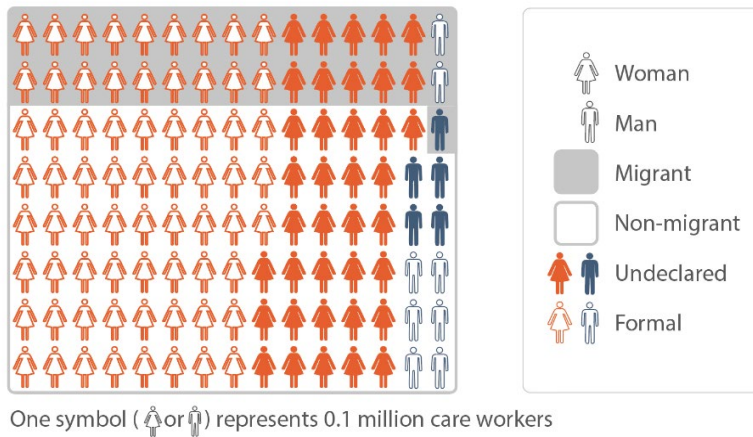
Definitions of paid care work vary in their coverage of sectors and occupations, and of home and/or institutional settings.<sup>5</sup> The European Institute of Gender Equality (EIGE) considers two definitions. A broad definition, which follows a 2018 report from the International Labour Organization (ILO), includes workers in the education, health and social work sectors (institutional settings), and workers who provide childcare, personal care and cleaning services in home settings. A narrower definition focuses on workers providing care services in home settings only.

**This briefing presents a new estimate for the number of paid care workers in the EU.** The estimate is primarily based on EIGE's narrow definition of care work and was extended to also reflect undeclared care workers.<sup>6</sup> Accordingly, some categories of paid care workers in both domestic and institutional settings, such as childcare workers, teachers' aides, and personal care workers in the health sector are included in the estimate.<sup>7</sup> The estimation approach drew on data from several studies and applied reasonable assumptions when data were lacking. Overall, the analysis finds that there are currently about 12 million paid care workers in the EU the vast majority of whom are women (see Figure 2).<sup>8</sup> Some of the key sources of data used to construct this estimate are described below.

Depending on the category of work, EIGE finds that **about 9 out of 10 paid care workers are women**, and that about one in four paid care workers is a migrant. The representation of women is highest among domestic cleaners and helpers (95%) and childcare workers (93%). More than half of cleaners and helpers are migrants (55%). The European Labour Authority (ELA) finds that **about half (53%) of care workers in home settings are undeclared workers.**<sup>9</sup>

Undeclared work is also present in institutional settings, albeit to a lower extent. The European Commission has estimated that at least 8% of total labour input in the EU's private sector can be attributed to undeclared workers.<sup>10</sup> Linking together the findings from the ELA and the European Commission, this briefing estimates that about 36% of care workers in both domestic and

Figure 2 – Who are the 12 million paid care workers in the EU?



Source: EPRS.

institutional settings are undeclared workers. While [under-declared work](#) (i.e. the provision of more work hours than agreed contractually) occurs in the care sector, notably among live-in care workers, this briefing does not estimate its magnitude due to a lack of sufficiently robust data.

Overall, **care workers suffer intersecting inequalities** – i.e. those relating to gender combined with [other characteristics](#) such as migrant background – and hold a precarious position in the labour market. About 8%

of paid care workers appear to be particularly vulnerable, being [migrant women](#) carrying out undeclared work and at greater risk of exploitation.

## Care workers' poor working conditions are due, in part, to a low-investment approach to care

The public sector plays a key role in the financing and provision of care, including as a direct employer. While wages and work hours are generally better in the [public care sector](#) than the private one, and the public sector has been crucial in promoting women's employment in [better-paid jobs](#), notable concerns persist. Low investment has triggered strong cost-cutting and outsourcing of care services to private providers.<sup>11</sup> This, coupled with poor monitoring and oversight by authorities, has contributed to poor outcomes for both care workers and care recipients, and a '**low-investment - low-access - low-quality**' care model.

**Care workers are more likely to be in the bottom third of the wage distribution, work part-time, and have a temporary contract.** Personal care workers in health services are more likely to work non-standard hours.<sup>12</sup> Access to social security is often inadequate or absent, particularly for domestic care workers. In February 2022, the [Court of Justice](#) of the EU ruled that the exclusion of domestic workers from social security benefits is discriminatory, as these workers are almost exclusively women.

## Women are more likely than men to provide unpaid care work at home

While the gender gap in time spent on care work at home has narrowed over recent decades, it remains stark. An estimated 92% of adult women in the EU perform unpaid care work on a daily basis, compared with 68% of working age men.<sup>13</sup> **The sharp divergence in care responsibilities prevents some women from engaging fully in the labour market.** Women are less likely to be employed, more likely to work part-time, and more likely to pursue careers that have lower financial compensation and less prospects for career advancement compared with men.

- In 2020, an estimated 16 % of women who were [not employed](#) considered that they would work in the absence of care responsibilities, compared with 2 % of inactive men.
- In the same year, about 26 % of women who worked part-time would consider working full-time in the absence of care responsibilities, compared with 6 % of men [working part-time](#).
- According to [EIGE](#), women with children and no access to childcare earn about 5 % less per hour as compared with women who do have access. Men in a similar situation also earn less, but to a lower degree (3 %). Women with long-term care responsibilities earn 3 % less than women who do not have such responsibilities; no wage difference is evident for men.

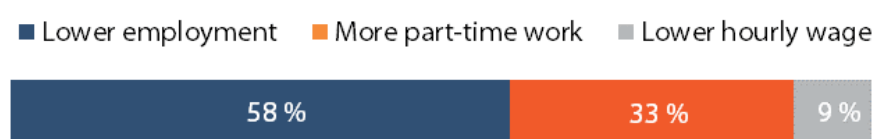
Owing to the unbalanced distribution of unpaid care work within households, women are penalised in the form of lower earnings in the labour market and [poorer health](#).

## The 'unpaid care penalty' women are facing amounts to at least €242 billion a year in the EU

This briefing defines the 'unpaid care penalty' as the amount of potential earnings foregone by women because of the unbalanced distribution of unpaid care work within households. The unpaid care penalty in the EU was modelled as a scenario where gender inequalities in care work are eliminated and compared with the current situation, and was found to be at least €242 billion a year.<sup>14</sup>

**The unpaid care penalty is significant – it is equivalent to 66 % of the EU's public expenditure on childcare and long-term care.**<sup>15</sup> Figure 3 shows a breakdown of the penalty. Its largest driver is the lower rate of employment among women owing to unpaid care work (58%), followed by the higher rate of part-time as opposed to full-time work (33%).

Figure 3 – Drivers of the unpaid care penalty: Labour market indicators of women as compared with men



Source: EPRS.

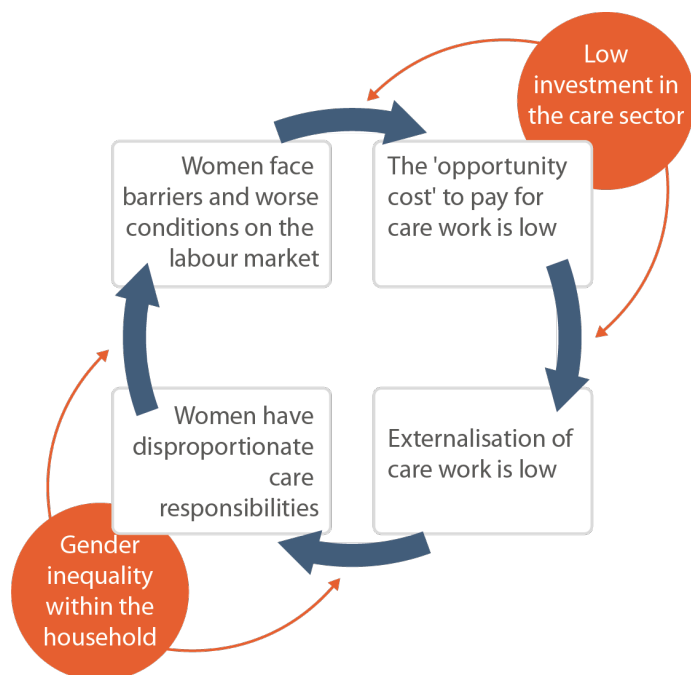
**The unpaid care penalty increases over the course of life.** Part-time work and career breaks, which are more common among women, are associated with less career advancement and lower lifetime earnings. Evidence also suggests that

women take up care responsibilities at a younger age than men, and that **women are more likely to care for younger and older generations at the same time.**<sup>16</sup> Lastly, grandmothers are more likely to provide unpaid care work than grandfathers.<sup>17</sup>

## Under-valuation of care work creates a vicious cycle

**The benefits of care work are not fully recognised by society.** This results in a vicious cycle that suppresses investment in the care sector and reinforces gender inequalities (Figure 4).

Figure 4 – Vicious cycle of low investment in care and gender inequalities



Source: EPRS based on EIGE, 2021.

The vicious cycle begins with the relationship between men and women in the home setting. While women's engagement in the labour market has increased over time, their caregiving responsibilities have not shifted in equal measure. As reported by EIGE, employed women spend an average of 3.9 hours a day in care work, compared with 2.6 hours a day among employed men. **Many women retain the role of primary caregiver at home.**

Women's decisions to engage in the labour market are more likely to accommodate care responsibilities at home. Daily caregiving reduces the [probability](#) of women working by 11 %, and their work hours by 13 %, while no differences were evident for men.

**Unpaid care work can promote occupational segregation**, where

women are more likely to select certain occupations and employers that offer more flexible conditions. This comes with several trade-offs: lower compensation, poorer working conditions, and fewer opportunities for retention and promotion. Over time, women have become more concentrated in low-paying, [minimum-wage jobs](#), which has contributed to the '**feminisation**' of **low-paid jobs** including paid care work.

**The 'opportunity cost' of work is lower for women than it is for men.** Low salaries for women limit the externalisation of care work, and reinforce occupational segregation. When care work can be externalised through unregulated channels, there is a risk of the burden shifting to more vulnerable women, and of new gendered hierarchies in the form of **global care chains**.

Women are more likely to leave the labour market when a household faces more caregiving responsibilities, as was evident during the [Covid-19 pandemic](#). Other factors may also hinder women's engagement in the labour market, not least tax policy. For example, **women represent the majority of secondary earners**, who face [higher taxes](#) on earnings.









The low availability and quality of formal care services is also driven by **low investment in the care sector**. Low investment translates into poorer working conditions for workers in the care sector (who are in the large majority women), fewer training opportunities, poorer infrastructure, and lower adoption of technology. More attention to the [care sector](#) could have been envisaged in the **Next Generation EU instrument, which provides fiscal stimuli to help Member States recover from the pandemic**, alongside support for the digital transition and green transformation.

## EU action could reverse the vicious cycle ...

Member States have put policies in place to address elements of the vicious cycle to varying extents. The EU has also taken important steps to promote the care economy – with the introduction of the Barcelona targets in 2002, the European pillar of social rights in 2017, the Directive on Work–Life Balance in 2019, and more recently, the agreement on rules to ensure an [adequate minimum wage](#). However, more could be done to shift from a low-investment, low-quality, low-access model of care to a high-investment, high-quality, high-access one. **Care is a public good** for which there is

potentially high added value for EU intervention to complement, reinforce and support policies, programmes and investment at the national, regional and local levels.

**The European Parliament has called for an ambitious response that recognises care as a right and the backbone of society.** It has identified a range of measures for a [care deal for Europe](#) that could modify disparities in the sharing of care responsibilities between women and men, mobilise external provision of care, and modernise and regulate the care sector. These measures include:

-  recognition of professional qualifications of paid care workers using objective criteria and gender-neutral job classification tools;
-  investment to upgrade formal careworkers' skills in line with a harmonised career structure, and ensure good administration;
-  guarantees for decent wages, social rights and working conditions for care workers, including workers' representation and collective bargaining;
-  expansion of the ELA's mandate to include occupational health and safety; support for independent and rigorous certification, monitoring and investigations of care facilities;
-  increase in EU funds and/or specific targets (structural and investment funds, including the European Social Fund and the Recovery and Resilience Facility) to upgrade care infrastructure;
-  support for Member States to reform and integrate their social services and protection systems; consideration of the care sector in the European Semester and the country-specific recommendations;
-  recognition of the different types of unpaid care workers, and support for them and those being cared for (for instance relating to financial support and rehabilitation services);
-  access to better working conditions for unpaid care workers (e.g. additional time off and work-life balance measures).

These actions are aligned with the ILO's [framework](#) for decent care work, and other measures called for by Parliament. These include [quotas](#) on the number of women represented on the boards of public companies, and opening [legal channels](#) for low- and medium-skilled workers from third countries to work in the EU under fair and non-discriminatory workplace conditions. Channels to promote fair mobility and recruitment of care workers from third countries could be defined through [skills mobility partnerships](#).

## ... and generate substantial benefits for women and society

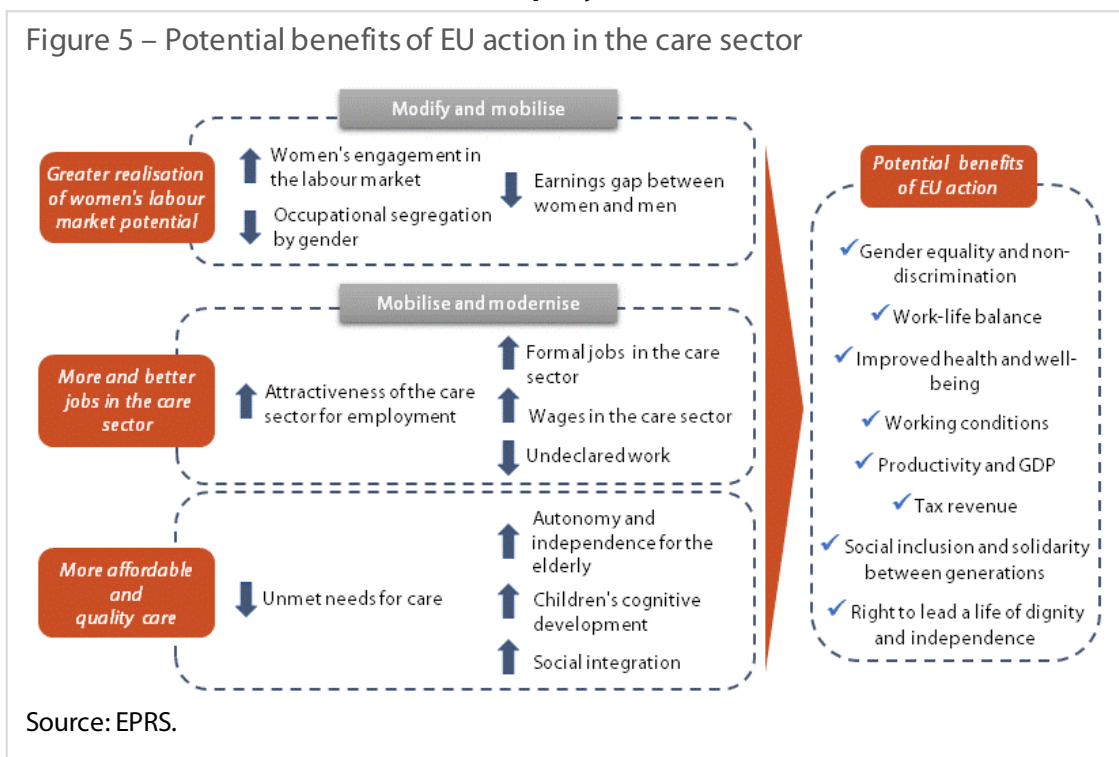
A **comprehensive EU approach** to tackling the vicious cycle EU could promote upward convergence across and within the Member States, gender equality, more productivity and a higher gross domestic product (GDP) (Figure 5). The potential benefits would derive from:

- **a greater realisation of women's labour market potential.** EU action to foster the 'equal earner – equal carer model' could support women in transitioning from unemployment to employment, and from part-time to full-time employment. Assuming that these shifts reduce the care penalty on women (as a result of male/female employment gaps on the labour market) by 10% to 20%, benefits of **between €24 billion and €48 billion per year**<sup>18</sup> could be generated for society. Horizontal and vertical segregation may also diminish over time because of women's and men's shifts on the labour market.
- **more and better jobs in the care sector.** EU action to modernise and regulate the care sector could generate jobs to better address unmet needs, particularly for childcare and long-term care.<sup>19</sup> Moreover, this action could reduce the prevalence of undeclared work, and exploitation and abuse of workers, thus improving the quality of service provision.

Measures to ensure that half of overall care needs are met could generate benefits of **between €68 billion and €96 billion each year.**<sup>20</sup>

- **more affordable and quality care.** Reducing unmet needs could also boost autonomy and independence for the elderly and children's cognitive development. An extensive body of research shows the cognitive benefits of institutional childcare, which can lead to a potential for higher earnings in adulthood. Meeting half of unmet needs for childcare among children up to three years of age could generate benefits up to **between €22 billion and €64 billion per year.**<sup>21</sup>

Figure 5 – Potential benefits of EU action in the care sector



EU action in the care sector would require significant investment that could yield sizeable returns. **Investments in the care economy could more than repay themselves** – one [study](#) finds returns of €1.70 per euro spent on long-term care. Other potential benefits that are less easily quantifiable include the improved health and well-being of both givers and recipients of care.

There are also **potential efficiency gains** for EU investment in the care sector, which have been demonstrated in [other areas of social policy](#). Efficiency gains can be generated from enhanced protection of a highly mobile and cross-border workforce; increased economies of scale; and the lower cost of financing at the EU rather than the Member State level, as with the European instrument for temporary support to mitigate unemployment risks in an emergency ([SURE](#)) during the pandemic. Moreover, action in the care sector would be coherent with the aim of addressing some structural and therefore cross-cutting challenges common to all Member States, such as the ageing of the population and gender inequalities.

## MAIN REFERENCES

### European Parliament:

Collovà C. and Pape M. with Crawford A. and Inama N., [European care strategy – Pre-legislative synthesis](#), EPRS, European Parliament, September 2022.

[Gender equality: Economic value of care from the perspective of the applicable EU funds](#), Policy Department for Citizens' Rights and Constitutional Affairs, European Parliament, June 2021.

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[Resolution](#) of 21 January 2021 on the EU strategy for gender equality, European Parliament.

[Resolution](#) of 25 November 2021 with recommendations to the Commission on legal migration policy and law, European Parliament.

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[Access to care services: Early childhood education and care, healthcare and long-term care](#), Eurofound, January 2018.

[Care work and care jobs for the future of decent work](#), ILO, 2018.

[Domestic and care workers in Europe: An intersectional issue](#), Equinet Working Group on Gender Equality, June 2022.

[Gender inequalities in care and consequences for the labour market](#), EIGE, 2021.

[Long-term care workforce: Employment and working conditions](#), Eurofound, December 2020.

[Tackling undeclared work in the personal and household services sector](#), ELA, March 2022.

## ENDNOTES

<sup>1</sup> S. Himmelweit, 'The prospects for caring: economic theory and policy analysis', *Cambridge Journal of Economics*, Vol. 31(4), July 2007, pp. 581-599.

<sup>2</sup> On long-term care, see for example the Commission's [2021 long-term care report](#).

<sup>3</sup> [European Union countries' recovery and resilience plans](#), Bruegel datasets, last updated 10 June 2022. Bruegel classified funds planned for in the Recovery and Resilience Facility (both grants and loans) by the six pillars. For funds classified to multiple pillars, it was assumed that an even share could be assigned to each pillar.

<sup>4</sup> [Gender inequalities in care and consequences for the labour market](#), EIGE, 2021, pp. 47-50 provides information on unmet needs for the elderly and children.

<sup>5</sup> Studies from different institutions (for example, the ILO, EIGE and the ELA) present different definitions of care work. This briefing uses the EIGE definition, which in turn was inspired by the ILO's definition, as its starting point.

<sup>6</sup> The authors made two adjustments to the approach taken in [EIGE, 2021](#). First, estimations were made for Member States for which data was missing. Second, undeclared workers were also considered using estimated figures from [ELA, 2022](#).

<sup>7</sup> This briefing's definition of care work includes cleaners and helpers, since the distinction between these occupations and care is often blurry in practice. Some categories of workers, such as doctors and teachers, considered as care workers by some (for example, in EIGE's broad definition) are excluded. The three categories of care workers in this briefing can be identified with International Standard Classification of Occupations ([ISCO](#)) and Statistical Classification of Economic Activities in the European Community ([NACE](#)) codes.

<sup>8</sup> The authors estimated this figure with data gathered from a range of studies focused on care work in the EU, most notably from EIGE, the ELA and the European Commission. To the extent possible, the authors sought to align the evidence with their definition of paid care work. Nonetheless, there are underlying differences across the sources (regarding for instance the type of survey, the year of data collection or the definition of care worker), and thus the estimate's findings should be viewed with caution. More information on the method used by EPRS for this estimate and others in the briefing can be made available upon request.

<sup>9</sup> This figure corresponds to the narrow definition of personal health services used in [ELA, 2022](#), which is most closely aligned with the EIGE definition of care work. The figure was obtained from Table 3.3.

<sup>10</sup> [An evaluation of the scale of undeclared work in the European Union and its structural determinants: estimates using the Labour Input Method](#), European Commission, 2017. Figure 3 finds that undeclared employment in the EU private sector is between 7.7% and 11.6% (with a weighted average of 9.3%). The authors used the more conservative lower bound figure for their estimation.

<sup>11</sup> A. Back-Mortensen and J. Barlow, '[Outsourced austerity or improved services? A systematic review and thematic synthesis of the experiences of social care providers and commissioners in quasi-markets](#)', *Social Science & Medicine*, Vol. 276, May 2021. The authors conclude that 'in a commissioning environment characterised by austerity and public budget cuts, it is insufficient to assume that increasing the market share of non-profits will alleviate issues grounded in insufficient funding and flawed contracting criteria'.

<sup>12</sup> [EIGE, 2021](#). See annex (Section h).

<sup>13</sup> [EIGE, 2021](#). See annex (Figure 1).

<sup>14</sup> The authors construct a scenario where the inactivity and part-time rates due to unpaid care work of women converge to those of men. Women earnings in this scenario are then compared to the status quo scenario. This potential loss in earnings is understood to be the unpaid care penalty. Key data were obtained from Eurostat and [EIGE, 2021](#).

<sup>15</sup> The EU's public expenditure on long-term care represents about 1.7% of the EU's GDP (see the Commission's [2021 ageing report](#)). Conversely, spending on early childhood education and care amounts to an estimated 0.8%



- of the EU's GDP (based on 2017 public expenditure data from the Organisation for Economic Co-operation and Development, [OECD](#)).
- <sup>16</sup> [State of Caring 2021 – A snapshot of unpaid care in the UK](#), Carers UK, 2021. Half of women take on caring duties by the age of 46. Half of men take on caring duties by age 57; K. Herlofson and M. Brandt, '[Helping older parents in Europe: The importance of grandparenthood, gender and care regime](#)', *European Societies*, Vol. 22(3), 2020, pp. 390-410.
- <sup>17</sup> [EIGE, 2021](#) reports that 35 % of grandparents provide care, as compared with 29 % of grandfathers.
- <sup>18</sup> The calculations made by the authors assume that the unpaid care penalty would decline by 10 % to 20 % owing to women's greater engagement in the labour market. Other impacts could also be expected from the policy option, but were not estimated because of the complexity of modelling required. For example, men may engage less in the labour market, and/or households may externalise care work, leading to job generation.
- <sup>19</sup> In EU countries where legislation or measures were taken to protect domestic workers, there has been a positive impact on job generation. For more information, see the 2018 [overview comparative report](#) for the European Commission.
- <sup>20</sup> For their calculations, the authors drew on data gathered from [EIGE, 2021](#), [Eurofound, 2020](#), and the European Commission's [2021 long-term care report](#). The lower bound estimate assumes that the ratio of carers to recipients of care would remain constant, and that the number of paid care workers would increase to cover half of the unmet needs. The wages of care workers would remain the same. By contrast, the upper bound estimate assumes that wages for a share (with a conservative assumption of 30 %) of long-term care and childcare workers would converge to the EU average wage.
- <sup>21</sup> The authors' calculations draw from [evidence](#) from the United States (US), which suggests that universal pre-school could generate higher lifetime earnings for children, leading to an annualised GDP increase of between 0.16 % and 0.44 %. A similar GDP increase in the EU was assumed, as the additional number of children who would attend pre-school in the US is roughly equivalent to the additional number of children who would attend preschool in the EU if half of unmet needs were met.

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