



Is higher labour force participation a threat to informal care?

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Population ageing puts increasing pressure on economies by reducing the share of people of working age. A common policy response is to encourage higher labour force participation, especially among women and older workers. But could this come at the cost of informal caregiving? This digest studies to which extent higher labour force participation may reduce the supply of informal care.

Key takeaways for policymakers

- Many informal carers combine caregiving with paid work. While full-time workers provide fewer hours of informal care than part-time workers or people that are not in paid jobs, the differences are smaller than often assumed.
- Therefore, an increase in labour force participation is likely to have only a modest effect on informal caregiving. This confirms earlier BB-Future results.
- Converting all part-time jobs to full-time would reduce informal care by less than 4% in Germany and have minimal effects elsewhere. Even increasing the share of full-time jobs from current levels to 95% would only have a small effect on informal care in Germany and elsewhere.

Informal care and work

Many carers combine paid work and caregiving. Figure 1 shows that this is the case for the majority of carers below age 60, though a significant share of carers between age 60 and 69 work full-time. Only Germany exhibits a relatively large share of part-time carers.

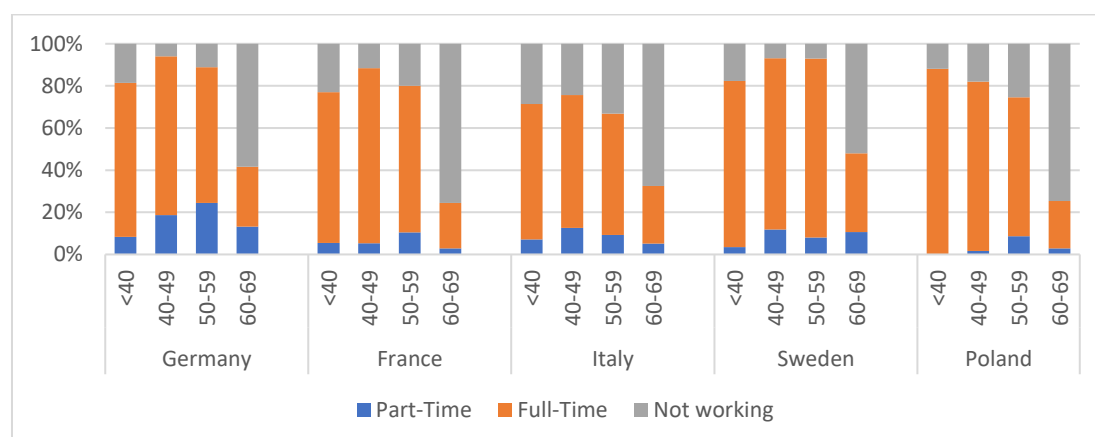


Figure 1: Labour force participation of informal caregivers.

Source: Authors' calculations based on SHARE Wave 9 data.

Much informal care is provided by people in paid work

Time spent on informal care inevitably competes with other activities, including paid employment. Nevertheless, Figure 2 shows that many hours of care are provided by full-time and part-time workers. In general, full-time workers provide fewer hours of informal care than part-time workers, and part-time workers fewer than people who do not work at all. France exhibits a slightly different pattern with little difference between part-time workers and non-workers whereas the gap is much larger in Germany. Figure 2 also shows those outside the workforce provide comparable care hours, regardless of age.

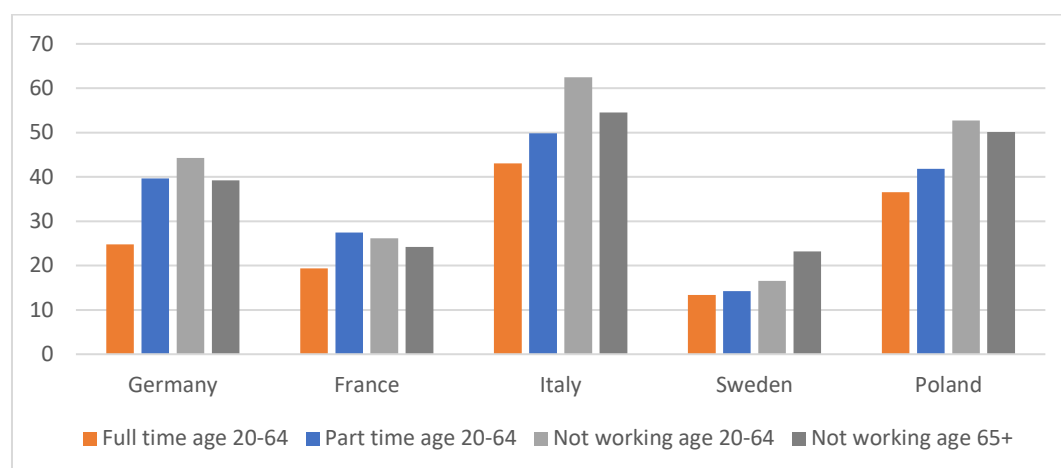


Figure 2: Monthly care hours by country, age and labour force participation.

Source: Authors' calculations based on SHARE Wave 9 data.

Simulating informal care hours if labour supply increases

In an earlier digest, we used BB-Future's macroeconomic model to show that additional informal care is taken largely from free time and less from working hours, although we found important differences by income. To confirm this important result, this digest presents a simulation study based on SHARE data, where we estimate how the supply of care hours and the care gap would change if labour supply increased.

Reducing part-time work in favour of full-time work

A first simulation assumes that all part-time workers would work full-time. We therefore assign all part-time workers the care hours that are currently supplied by full-time workers. The blue bars in Figure 3 show that informal care would only substantially decrease in Germany by 3.7% and by less than one percent in all other countries. This modest effect is due to both the much smaller share of part-time workers in the other countries and the much smaller difference in care hours between part-time and full-time workers.

Higher full-time employment has limited effects

To simulate a much more dramatic change in labour supply, we assume in a second simulation that not only do all part-time workers move into full-time work, but that 95% of all carers work full-time. The result is shown by the orange bars in Figure 3. Again, differences between the five countries are substantial. In Germany, care hours would decrease and thus the care gap would increase by 8.6%, 3.3% in Italy, 1.9% in Sweden, and about 1% in Poland and France.

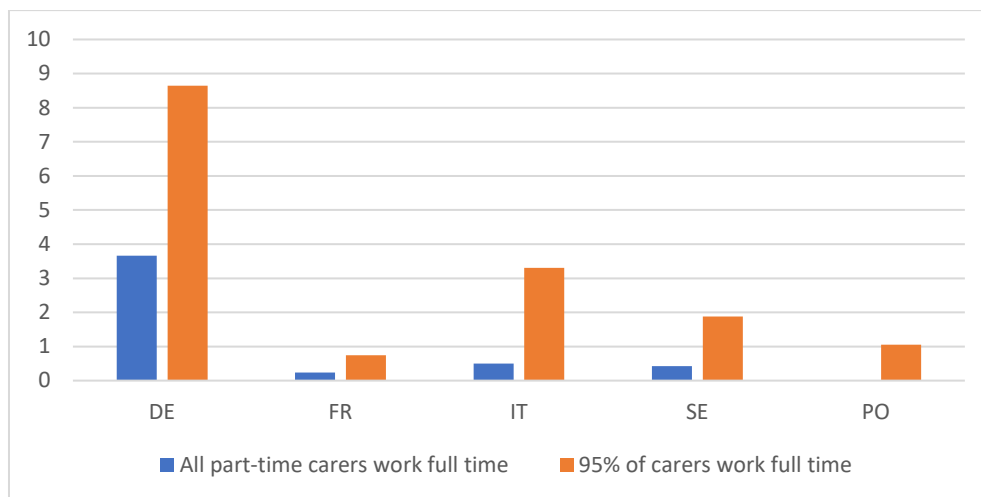


Figure 3: Percentage increase of care gap if labour supply would increase.
Source: Authors' calculations based on SHARE Wave 9 data.

The need for more formal care workers

The increases in the informal care gap shown in Figure 3 could be compensated for by expanding formal care provision. The number of additional formal care workers needed to close the increased care gap ranges from about 140,000 full-time equivalents in Germany to 65,000 in Italy and 17,000 in France under the extreme scenario in which 95% of carers work full-time.

In next week's digest, we shift gears and examine the effect of policy changes. We will study how informal care patterns may adapt if the subsidy structure of formal and informal care is altered.

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