

Centre for the New
Economy and Society

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The Future of the Care Economy

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Preface

The World Economic Forum Network of Global Future Councils (GFC) promotes innovative thinking to shape a more inclusive, resilient and sustainable future. The network comprises nearly 1,000 top thinkers who provide foresight, generate insights and identify potential solution frameworks for the world's most pressing challenges.

The GFC on the Future of the Care Economy is a frontier council hosted by the Centre for the New Economy and Society exploring solutions and possibilities for a well-functioning care economy. The council builds on the prior and ongoing efforts of governments, businesses and community organizations that have worked to raise the profile of the care economy as a priority for leaders worldwide.

This paper is the first rendering of the wide-ranging, complex and ongoing multistakeholder dialogues held by the Global Future Council on the Future of the Care Economy between April and December 2023. During this period, council members engaged in the ambitious task of taking stock of the possibilities, opportunities and strategies that could lead to the better functioning of the care economy.

The timing of these dialogues comes at a crucial time for many economies where the care sector is in crisis and constraining both recovery and growth.

Care underpins the entire global economy – it is an engine for growth, prosperity, and well-being, and is the foundation for social life. Investing in the care economy today is critical to ensure an inclusive, sustainable and resilient future.

The Centre for the New Economy and Society is complementing its work on the future of the care economy with a growing portfolio of insight products, action initiatives and leadership communities. The Global Gender Gap Report, now in its 18th year, benchmarks global, national and industry gender gaps, while Gender Parity Accelerators are implementing public-private action plans to advance women's economic empowerment across 15 economies. The Global Gender Parity Sprint 2030 provides a global platform, bringing together businesses, governments, international organizations and other stakeholders to accelerate change. Further, the DEI Lighthouse programme annually identifies corporate diversity, equity and inclusion (DEI) initiatives with a proven track record of impact to advance gender parity, racial and ethnic equity, LGBTQIA+ inclusion and inclusion of people with disabilities. The centre also collaborates with a number of civil society organizations to drive change across dimensions of diversity.

Executive summary

Recognizing the care economy as the key to prosperity and growth.

This white paper is the product of the thought leadership of the Global Future Council on the Future of the Care Economy. It presents both a review of the state of the care economy, its challenges and opportunities, as well as an appeal to leaders worldwide to make care an economic priority.

In its first two sections, the paper introduces the “case for care” by taking stock of the care economy and approximations to its value, as well as the various agendas underpinning change and transformation strategies for better care systems. It identifies the long-standing inequities in care systems and presents three future-facing trends in demographic transformation, employment and skilling that spotlight care as the key to unlocking prosperity and growth.

In its third section, the paper presents a framework to organize a collaborative push for a better

care economy with a focus on the relationships that make care work. The three-part framework reimagines the networks that are needed between them to meet care needs, provides an overview of common design principles that shape robust care systems, and identifies success factors for effective collaboration within them.

In its final section, a selection of promising practices is included to demonstrate how existing models can be scaled, translated, transformed and adopted to facilitate caring organizations, economies and societies. The examples highlight stakeholder collaboration in addressing care needs and transforming care systems through policy solutions, care infrastructure expansion, business practices, knowledge enhancement, technological innovation and attitude shifts towards care.

Introduction

Shining new light on the value of the care economy.

Possibilities for the care economy have been explored primarily by women's rights and gender equality movements as a matter of social and economic organization. However, care has long been dismissed as an issue without economic relevance beyond the personal or domestic sphere – until recent shocks brought care back to the top of the global agenda.

In the face of crisis, securing essential needs often becomes the first order of priority. Demographic changes, climate adaptation, and technological shifts, among many simultaneous global transformations, open fronts to both risk and opportunity – outcomes of which are highly dependent on how care systems are provisioned at a local, national and global level.

With enduring inequities increasing the strain on economies and their populations, the state of the care economy has become a fundamental constraint for countries seeking shock-proof growth. With growing evidence on the criticality of social infrastructure to improving social capital, mobility and economic connectedness,¹ care investments have come under new light as burgeoning opportunities of strategic relevance – to economic growth, demographic planning, infrastructure delivery, climate resilience, technology integration, talent flow and many more issues.

As governments, businesses and communities increasingly converge around the care economy as a shared priority, an opportunity arises to address opportunities within the care economy and unlock a virtuous cycle of prosperity. Against this backdrop, the World Economic Forum, through the Global

Future Council on the Future of the Care Economy, joins a collective push to transition towards caring economies and societies.

This paper contributes to the evolution and acceleration of the global care agenda by taking stock of the state of the care economy at the beginning of 2024 and surfacing new perspectives to release its economic potential. It is unique in its global approach and its emphasis on public-private collaboration. It details the ways in which care is critical to addressing longstanding inequities as well as to fuelling growth. The paper subsequently lays out the interlinkages between the public sector, private sector and civil society that stakeholders can use to strengthen care economies. It advances a set of design principles and highlights key success factors observed in existing models. Finally, it surfaces promising practices implemented by a range of stakeholders that can support the exploration of meaningful investments and the striking of key partnerships. It argues that a well-designed care economy will achieve:

- Higher levels of productivity and growth
- Higher levels of gender parity
- Higher levels of workforce participation
- Higher levels of educational attainment
- Higher business profitability and efficiency
- Lower levels of inequality
- Lower long-term social expenditure.

The case for care

Navigating large-scale transformations with care.

The care economy encompasses the paid and unpaid activities, labour and relationships that sustain human activity. This renders care fundamental to all economic and strategic decision-making, affecting

over 8 billion people who receive and provide care at different points of their lives – and the economic, social and political opportunities they can access because of it.

BOX 1

Conceptualizing the care economy

The care economy can be approached from different perspectives:

- **From a macro perspective**, the care economy can be understood as the engine of the productive economy and a determinant factor in economic outcomes – including gross domestic product (GDP), workforce participation, job creation and wages, among others. The care economy includes a set of paid core activity sectors, such as health, education, and care and personal services, as well as unpaid activities, all of which impact the performance of every other sector, from technology to manufacturing.

- **From a business perspective**, organizations can relate to the care economy as employers with a duty of care towards workers and across their supply chain, as investors and innovators in the sector, and as providers of care services and goods.

- **Finally, from a rights-based perspective**, the care economy describes a form of social organization at the heart of transformative agendas such as gender equality, demographic change, disability inclusion, global mobility, climate adaptation and more.²

The care economy may look different at local, national and global levels. Existing in a variety of configurations – or “care systems” – the bounds of the care economy tend to reflect the different care capacities of private, public and community actors, as well as the differing and often unequal dynamics adopted to provide care.

Efforts to estimate the magnitude and value of the care economy have produced indicative figures for its paid and unpaid components, providing a first snapshot of its state and composition. Amounting to the equivalent of nearly 2 billion people working full time for no pay, unpaid care services represent 9% of global GDP or \$11 trillion.³ In Latin America, for example, the economic value of unpaid care is estimated to be between 15.7% and 24.2% of regional GDP,⁴ rivalling the value of individual industries in the region.

Parallel assessments have also found the care economy to eclipse other sectors. In the US, the care economy is estimated to be a \$648 billion market, driven by growing demand in childcare,

household management, eldercare and employee benefits. Furthermore, a growing share of the US population identifies as unpaid caregivers, representing approximately 130 million individuals and a pool of \$6 trillion to be spent on care goods and services.⁵

The care economy is an untapped source of opportunities for job creation, income generation, social mobility and more. In 2022, the World Economic Forum projected that investing in social jobs, including those in the paid care sector, could yield triple rewards in terms of GDP returns, well-paid jobs created and social mobility. Modelling a \$1.3 trillion investment in the United States resulted in a \$3.1 trillion GDP return, with an effect on job creation of 10 million jobs in the social sector and 1 million in other sectors.⁶ While there are no “one-size-fits-all” or standard approaches to measure, approach and strengthen the care economy, adopting care as an economic priority is key when grappling with large-scale transformations that demand leaders to solve for economic equity and growth.

“ The care economy is an untapped source of opportunities for job creation, income generation, social mobility and more.

1.1 Care and economic equity

A well-functioning care economy can reduce multidimensional inequality, enhance collective well-being and create opportunities for populations to engage in work, leisure, civic participation, and other activities beyond fulfilling their essential needs. Yet, many care systems today are broken, experiencing costly inequities that increase economic strain and vulnerability to risk in the face of large-scale transformation. In failing to recognize care as an economic priority, countries find themselves without the resolve and the means to deliver it equitably.

The first inequity to address is many care systems' **overreliance on unpaid care**, which is carried out primarily by underrepresented groups. Women have been performing the lion's share of unpaid care work globally, as illustrated in Box 2. This configuration lowers the social and economic value of care as a public good, downplays the growing demand for care services and goods, and delays the development of regulatory frameworks needed to provide comprehensive solutions to gaps – leaving economies unprepared to manage big transformations.

BOX 2 Unpaid care and the workforce gender gap

Globally, women dedicate approximately three times as many hours to unpaid care responsibilities as men.⁷

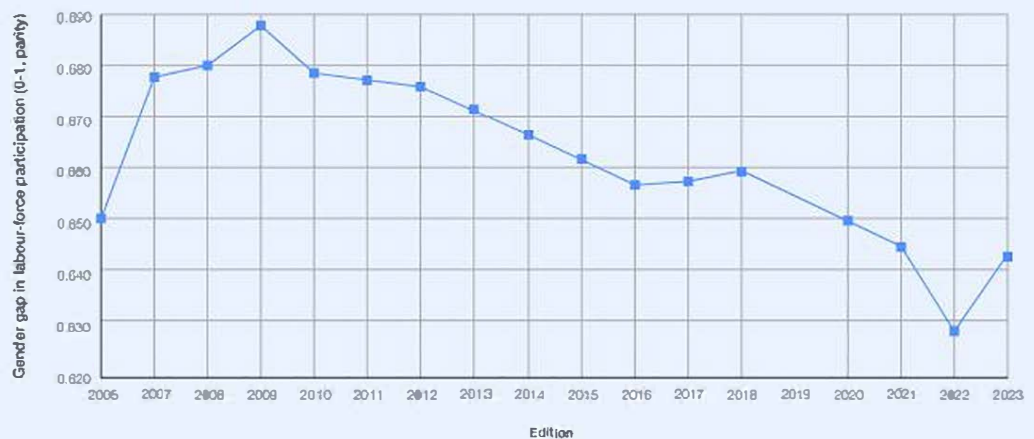
This care imbalance severely impacts both the quantity and the extent of women's participation in paid work – as evidenced by the 2 million women who left the workforce during the COVID-19 pandemic.⁸

In the United Kingdom, surveys estimated that one in five women providing childcare could

not work despite wanting to.⁹ In many other economies, the proportion of women from lower-earning backgrounds with children who left the workforce was higher than that of women with higher earnings.¹⁰

The 2023 *Global Gender Gap Report* estimated that the rate at which women have been re-entering the workforce was at the second-lowest point since the report was first launched in 2006, significantly below its 2009 peak of 69%.

Gender gap in labour-force participation, 2006-2023



Source
World Economic Forum, *Global Gender Gap Report*, 2006-2023

Note:
The fourteenth edition of the Global Gender Gap Index, *The Global Gender Gap Report 2020*, was released in December 2019. There is no corresponding edition for 2019.

Compounding on the costs shouldered by those involved in caregiving is the **precarity of the paid care sector** within and across countries, a second and crucial inequity.

In 2021, the International Labour Organization (ILO) estimated that international migrant workers constituted 4.9% of the global labour force and were overrepresented in service sectors (66.2%) – where women take up the majority of roles

(79.9%).¹¹ Women migrant workers are increasingly the face of the care economy, due to the growing global demand for practitioners in this space.¹²

Since the 2008 global financial crisis, countries like the United States have seen a rising demand for low-wage workers.¹³ Furthermore, between 1990 and 2017, wages in the healthcare and social assistance sector in the United States have risen by just 12%, while wage growth over this period in

“ The lack of sufficient and accessible care is fuelling a loss of capacity and opportunity that impacts individuals first but ultimately businesses, governments and economies as a whole.

fields such as finance and insurance, information technology and real estate was about four times greater.¹⁴ In countries like the United Kingdom, care workers can earn lower wages than 80% of the overall workforce,¹⁵ in addition to facing difficult working conditions.

A third inequity to address is the care access gap. Persons with care responsibilities, particularly those from disadvantaged groups, are forfeiting skilling and employment opportunities that can lead to social mobility, economic parity, well-being and political representation – from finishing studies to pursuing and retaining jobs to climbing up the career ladder to running for public office.

The policy gap in childcare is a clear example of an access barrier to care, leaving 90.3% of actual and potential parents without minimum care provision for an estimated period of 4.2 years, throughout

which they must find alternative solutions themselves.¹⁶ However, market solutions are not yet closing this access gap either. Globally, just over a third (36%) of companies sampled by the World Benchmarking Alliance reported providing maternity leave, with only 7% meeting the ILO recommended standard. Similarly, only 31% of companies in the sample offered paternity leave.¹⁷

The lack of sufficient and accessible care is fuelling a loss of capacity and opportunity that impacts individuals first but ultimately businesses, governments and economies as a whole. Reaching a state of care equity hinges on care systems’ capacity to bridge care gaps across gender, age, income and other socioeconomic divides to meet the needs of their communities. Achieving this depends on government, businesses and communities to work together.

FIGURE 1 Solving for care inequities

Constraint

Care systems have over-relied on unpaid care, unevenly distributed within and across economies, limiting the economic possibilities of women and other underrepresented groups.

Catalyst

Well-functioning care systems recognize the economic value of care, resource the infrastructure needed to deliver it, and reward its providers fairly to increase equity of opportunity within and across economies.

1.2 Care and the future of growth

In its current state, the care economy is proving to be a constraint to growth.¹⁸ However, the benefits the care economy can offer to both growth and social well-being make it a catalyst for prosperity. In the current context, the following three trends anchor the case for making forward-looking investments in care today.

- **Demand for care provision is rising across economies, and care systems cannot meet that need without further investment.** The world’s population is expected to reach 8.5 billion by 2030, and the size of working-age populations in higher-income economies will shrink while those of lower- and middle-income countries will expand. Furthermore, the World Health Organization (WHO) projects that, by 2030, the share of the population over age 60 will increase by 40%,¹⁹ with the number of care recipients reaching an estimated 2.3 billion.²⁰ These demographic shifts, coupled with existing unmet demands for care provision, stress the

growing need for investment in care systems.

- The growing need for care provision is, in turn, **creating demand for more care workers.** The care workforce, representing approximately 249 million women and 132 million men, is expected to grow in importance as well as in numbers. Care employment already accounts for a significant share of global employment, estimated by the ILO to be 11.5%.²¹ By 2030, a projected 475 million more formal jobs will be needed to meet global demand.²² World Economic Forum findings suggest that, to meet social mobility and human capital targets, more jobs are needed in education, healthcare and care – specifically in health services, childcare workers, early childhood teachers, and primary and secondary education teachers.²³ In the United States alone, the US Bureau of Labor Statistics estimates that one million home healthcare worker jobs will be added by 2030.²⁴

- The need for care employment also indicates the **economic outlook for care skills and occupations**. While many occupations face a reskilling challenge in the face of automation, skills essential to the care economy (such as engagement skills) are growing in importance, according to the World Economic Forum's *Future of Jobs Report 2023*.²⁵ Paid care occupations are fast-growing in countries like the United States. Furthermore, certain care occupations would gain in diversity and talent availability if care skills were privileged over degree requirements.

The above trends are further underpinned by two key arguments, and their growing evidence base, of how investing in care produces gains at the economy-wide and organizational level.

The first one, aimed at persuading the public sector of increasing its expenditure in the care economy, advances the multiplier benefit of care infrastructure, based on the proposition developed by the International Trade Union Confederation. It states, if 2% of GDP was invested in the care industry, the overall employment rate could be raised by between 2.4 and 6.1%. Such an increase would create approximately 21.72 million jobs across seven Organisation for Economic Co-operation and Development (OECD) economies²⁶ – twice the number of jobs that would result from a comparable investment in the construction industry.²⁷

While the economic projections for care were strong, it was because of the COVID-19 pandemic that governments reassessed their level of investment in care and social infrastructure. Examples of policy responses to the adoption of care targets include, for example, the European Care Strategy, which facilitates national reforms

through the Recovery and Resilience Fund, the European Social Fund, the European Regional Development Fund and the Just Transition Fund. Among the goals of the strategy is training 60% of the long-term care workforce by 2030, equivalent to 3.8 million workers per year.²⁸

A second argument aims to persuade the private sector of the savings that can be made by providing care benefits to employees, given the cost of care-related absence and turnover. In the US, one in four employed caregivers reported caregiving-related absences in 2015, which translates to an estimated annual productivity loss of \$5,600 per employee.²⁹ These numbers aggregate into significant losses to national economies. In the US, the economic impact of insufficient childcare services was estimated in 2019 to represent losses of \$57 billion in earnings, productivity and revenues.³⁰ As a result, businesses are increasingly offering benefits, including caregiving leave, onsite childcare facilities and flexible work arrangements to provide relief to employees who engage in caregiving. For example, the banking and financial services firm HSBC has stated that its flexible working policy has helped it to attract talent with "leadership potential". Vietnamese footwear manufacturer Evervan reported having saved \$537,000 annually by reducing monthly employee turnover from 4.1% to 2% over the period between 2011 and 2018. The firm credits an onsite kindergarten as having been a key part of its ability to attract and retain workers.³¹ Impact evaluations carried out by Centrica British Gas attributed £2.5 million in cost savings in staff retention and £4.5 in reduced absenteeism to the company's longstanding flexible work programme "Workwise".³² The business case for care shows that businesses can gain a reputational boost, improved recruitment ratios, staff retention and productivity.

FIGURE 2 Care solutions for economic growth

Constraint

Undervaluing the care economy has led to the adoption of **stop-gap measures** that short-change strategies to achieve equitable, inclusive and resilient growth.

Catalyst

Strengthening the care economy enables stakeholders to simultaneously implement solutions to key economic issues – including job creation, talent flow, productivity and more. Facing such a horizon, care becomes the key to the future of economic growth.

Mobilizing multistakeholder collaboration for impact

Powering connection: the role of relationships in the care economy.

There are many conceptual frameworks that outline relevant categories to understand and address the care economy. Notably, the 3Rs and 5Rs frameworks for care, developed by the UN Secretary General's High-Level Panel on Women's Economic Empowerment and ILO respectively, have been defining public policy instruments.³³ Recognizing the influence these instruments have had to date, this paper invites a broader mobilization of efforts through public-private cooperation and offers a three-part organizing framework for business, government and communities.

1. Reimagining care networks

The care economy is largely relational, involving a complex network of interactions between stakeholders that are as valuable themselves as the care goods and services they render.³⁴

Government, business and communities should work in lockstep to unlock possibilities within the care economy. While each stakeholder plays a unique role in each care system, the mounting push for effective solutions urges stakeholders to implement healthy linkages to amplify collaboration. This section of the document offers resources around which stakeholders can begin to organize to drive impact.

The first element of the organizing framework, shown in Table 1, is a reimagining of care networks beyond isolated roles and responsibilities. It features modes of articulation between government, business and communities that highlight the fluid nature of the care economy, showcasing areas of leadership and cooperation. Furthermore, it lists a range of domains from which to advance care solutions.



TABLE 1 Reimagining care networks

	 Government Shape the regulatory environment and conditions	 Businesses Drive investment, innovation and solutions	 Communities Coordinate engagement in caregiving and care employment
Care agenda			
Targets, policy, SOPs*	Needs assessment and target setting	Inform needs assessment, targets and policy	
	Policy development	Raise and advance operational standards	
Care systems			
Investment and resourcing	Shape fiscal space and allocate social expenditure	Generate tax revenues; invest in care infrastructure	Attract and manage resources; pay into benefits schemes
Direct and indirect care provision	Depending on context, capacity and configuration, deploying in an articulated fashion the care goods and services needed by the population		
	Strengthen framework for care benefits	Drive participation in benefit uptake	
Research, technology and innovation	Invest in tech and innovation		
	Enable and integrate information systems, data collection and progress monitoring	Incubate tech-based and innovative care solutions	
		Contribute to data collection and insight development	
	Pioneer innovative approaches and models		
Workforce	Improve recognition for care sectors and care workers		
	Introduce targets and measures for workforce planning and protection	Improve workforce conditions, talent flow	Facilitate collective action and organization
	Expand framework and set targets for skill transition	Extend skilling opportunities and recognition	Facilitate participation in skill transition
Planning and facilitation	Link population with care services and systems		
Care mindset			
Attitudes and practices	Uphold care as an economic priority	Champion and model caring mindsets; reward caregiving and care employment fairly	Promote equitable participation in caregiving and care employment
Intended impact	- Higher growth and productivity - Higher economic parity - Improved social cohesion - Higher tax revenues	- Higher profitability and productivity - Healthy talent pipelines - Higher levels of innovation - Good jobs with decent wages and working conditions	- Improved care provision capacity and quality - Balanced caregiving distribution - Increased care work recognition

*Standard operating procedures

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