



The Role of Unpaid Care Work in Shaping Women's Labor Market Participation

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Abstract

Unpaid care work represents a fundamental yet largely invisible component of economic and social systems, playing a critical role in sustaining households and reproducing human capital across generations. Despite its essential contribution, it remains excluded from national accounting frameworks such as gross domestic product (GDP), leading to its systematic undervaluation. This paper adopts a narrative literature review approach to examine the role of unpaid care work in shaping women's labor market participation. Drawing on labor economics and the 5R framework, the analysis explores how the unequal distribution of care responsibilities influences labor supply decisions. In particular, the paper highlights how intensive care obligations increase the reservation wage, reduce the likelihood of labor market entry, and contribute to higher participation in informal and precarious employment, as well as persistent penalties associated with motherhood. The study further examines the concept of time poverty and its implications for human capital accumulation, employment continuity, and long-term economic outcomes. By synthesizing international evidence and policy approaches, the paper argues that addressing structural imbalances in care provision through public investment in care infrastructure, accessible services, and supportive labor market regulations is essential for improving labor market efficiency and fostering sustainable economic development. The findings suggest that a reconfiguration of how care is recognized and allocated is necessary to achieve more balanced and inclusive labor market outcomes.

Keywords: informal employment, motherhood penalty, reservation wage, time poverty, work-life balance

1. Introduction

Unpaid care work constitutes a fundamental yet often invisible pillar of economic and social systems. It sustains households on a daily basis and ensures the intergenerational reproduction of human capital, making it essential for the functioning of labor markets and the broader economy. Recent estimates show that approximately 16.4 billion hours per day are devoted to unpaid care work globally, highlighting its scale and economic relevance. Despite this contribution, unpaid care work remains largely excluded from national accounting

frameworks, including gross domestic product (GDP), leading to its systematic undervaluation in economic analysis and policymaking (Folbre, 2015).

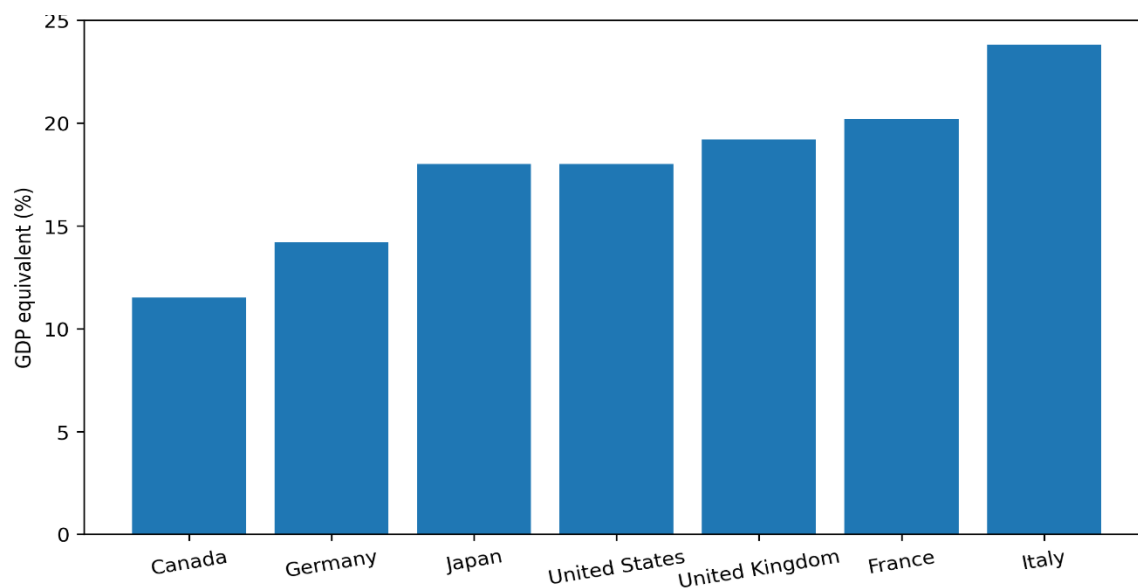


Figure 1. Contribution of unpaid care work to GDP in OECD countries

Source: OECD Time Use Database (2019)

The unequal distribution of unpaid care responsibilities represents a key structural feature of labor markets across both developed and developing economies. Women perform the majority of unpaid care work globally, accounting for around 76% of total time spent on these activities and dedicating significantly more hours than men to caregiving and domestic tasks (Addati et al., 2018). This unequal allocation of time creates substantial constraints on labor market participation, as individuals must allocate limited time resources between paid and unpaid activities. As a result, unpaid care work is not only a social issue but also a central economic factor influencing labor supply decisions, employment patterns, and long-term career outcomes.

From the perspective of labor economics, the relationship between unpaid care work and labor market participation can be understood through the framework of time allocation and labor supply theory (Benería, 1999; Goldin, 2022). Intensive care responsibilities reduce the time available for paid work, increase the opportunity cost of employment, and raise the reservation wage, thereby lowering the likelihood of labor market participation. These mechanisms help explain observable outcomes such as lower employment rates, higher prevalence of part-time and informal work, and interruptions in career trajectories.

Beyond individual decision-making, the distribution of unpaid care work is shaped by broader structural and institutional factors, including social norms, public service provision, and labor market regulations. Limited access to affordable childcare, insufficient care infrastructure, and inflexible working arrangements further reinforce the constraints associated with unpaid care responsibilities. These dynamics also have broader macroeconomic implications, as the underutilization of labor represents a loss of productivity and economic growth.

Against this background, this paper aims to provide a theoretical and policy-oriented analysis of the role of unpaid care work in shaping women's labor market participation. The study is based on a theoretical analysis and literature review approach, drawing on labor economics, feminist economic theory, and international policy frameworks. It examines the mechanisms

through which unpaid care work influences labor supply decisions and labor market outcomes, while also highlighting policy responses based on the 5R framework.

The remainder of the paper is structured as follows. Section 2 presents the methodology and theoretical framework. Section 3 examines the main labor market outcomes associated with unpaid care work. Section 4 discusses structural and institutional factors, while Section 5 presents policy frameworks and interventions. The final sections provide discussion and conclusions.

2. Methodology and Theoretical Framework

This study adopts a narrative literature review approach, drawing on labor economics, feminist economics, and care economy literature to examine the relationship between unpaid care work and labor market participation. The analysis is based on academic studies, policy reports, and publications from international organizations, including the International Labour Organization (ILO), UN Women, the World Bank, and the OECD. The selected literature focuses primarily on the economic mechanisms through which unpaid care work influences labor supply decisions, employment patterns, and labor market inequalities.

2.1 Conceptualizing Unpaid Care Work

Unpaid care work constitutes a central component of economic and social systems, encompassing a wide range of activities that sustain individuals, households, and societies on a daily and intergenerational basis (Folbre, 2014). Within the broader category of unpaid work, it refers specifically to the provision of direct and indirect care services without monetary compensation. Direct care involves personal interactions, such as caring for children, older persons, or individuals with disabilities, while indirect care includes activities such as cooking, cleaning, and household management, which support caregiving processes.

In contrast, paid care work refers to similar activities performed within formal or informal employment relationships in exchange for remuneration. These include occupations such as healthcare workers, childcare providers, and domestic workers. Despite being part of the formal economy, paid care work shares key characteristics with unpaid care work, including its high degree of feminization and its relatively low valuation compared to other sectors.

The concept of the care economy provides a broader framework for understanding these interrelated forms of work. It encompasses both paid and unpaid activities aimed at meeting the physical, emotional, and social needs of individuals across the life cycle. As such, it plays a critical role in supporting economic activity and human development.

However, a significant portion of unpaid care work remains excluded from standard economic measurement systems. According to the System of National Accounts (SNA), most unpaid care and domestic work falls outside the production boundary, even when it satisfies the “third-person criterion.” This exclusion leads to the systematic undervaluation of care work and obscures its contribution to economic performance (UNDP, 2018).

To address this limitation, alternative measurement approaches—such as time-use surveys and satellite accounts—have been developed to capture the scale and distribution of unpaid care work. These tools provide evidence of the substantial time devoted to care activities and highlight disparities in how this work is allocated, reinforcing the need to integrate unpaid care work into economic analysis.

2.2 Theoretical Foundations

The relationship between unpaid care work and labor market participation can be understood through key concepts from labor economics, particularly labor supply theory, reservation wage, and time allocation models. These frameworks provide a structured basis for analyzing how individuals make decisions regarding participation in paid employment under time and resource constraints (Benería, 1999).

Labor supply theory posits that individuals allocate their time between market activities (paid work) and non-market activities, including leisure and household production. Unpaid care work represents a significant component of non-market time, as it involves essential activities that cannot be easily postponed or substituted. As the time required for unpaid care increases, the availability of time for paid employment decreases, thereby constraining labor supply.

A central concept in this framework is the reservation wage, defined as the minimum wage at which an individual is willing to enter the labor market. Unpaid care responsibilities increase the value of time spent in non-market activities, thereby raising the reservation wage (Goldin, 2022). As a result, individuals may choose not to participate in the labor force if market wages do not compensate for the opportunity cost of caregiving.

Time allocation theory further emphasizes the finite nature of time as a key constraint in decision-making. Individuals operate under a fixed time endowment, which must be distributed among competing activities. In contexts of high care responsibilities, individuals may experience “time poverty,” limiting their ability to engage in paid work, invest in education, or pursue career advancement.

Together, these theoretical perspectives explain a range of labor market outcomes associated with unpaid care work, including lower participation rates, reduced working hours, and a higher likelihood of informal or flexible employment. Importantly, these outcomes reflect structural constraints rather than purely individual preferences, highlighting the role of unpaid care work as a key determinant of labor market behavior.

3. Unpaid Care Work and Labor Market Outcomes

3.1 Time Poverty and Labor Supply

Time poverty represents one of the key mechanisms through which unpaid care work influences labor market participation. Within labor supply theory, individuals allocate a fixed amount of time across competing activities, including paid work, unpaid work, and personal needs. When unpaid care responsibilities are substantial, they impose binding time constraints that limit the availability of time for market participation.

Unpaid care work is inherently time-intensive and often non-negotiable, as it involves essential activities such as childcare, eldercare, and household maintenance. These responsibilities reduce flexibility in time allocation and constrain individuals' ability to engage in paid employment. As a result, individuals with high care burdens face a restricted set of choices, where labor market participation is determined not only by wages and job availability, but also by time constraints.

Empirical evidence highlights the structural nature of these constraints. Across countries, women perform the majority of unpaid care work, accounting for approximately 76% of total time spent on such activities and dedicating significantly more hours than men (Addati et al., 2018). This imbalance contributes directly to time poverty and reduces both the likelihood of entering the labor market and the number of hours available for paid work.

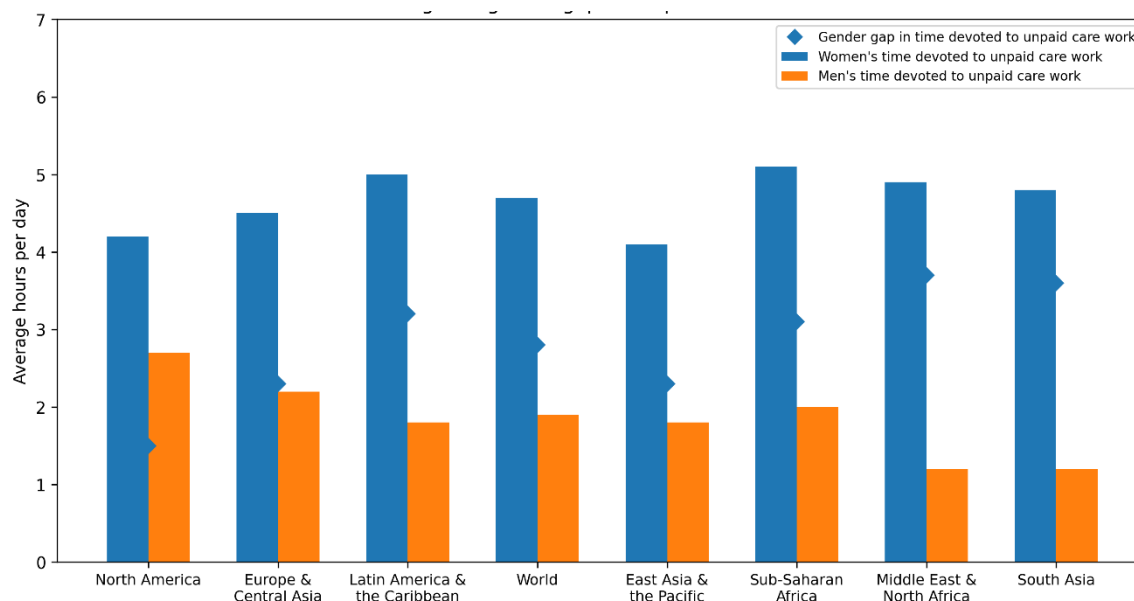


Figure 2. Regional gender gaps in unpaid care work

Source: OECD (2023), *Gender Institutions and Development Database (GID-DB)*, <https://stats.oecd.org/>

Time poverty affects not only the quantity but also the quality of labor supply. Limited time availability constrains individuals' ability to invest in education, skills development, and job search activities, which are essential for accessing higher-quality employment opportunities. Over time, these constraints contribute to persistent differences in labor market outcomes.

As illustrated in Tab. 1, higher unpaid care burdens are associated with reduced time availability for paid work and lower labor market participation, highlighting the structural nature of these constraints.

Table 1. Unpaid Care Work, Time Constraints and Labor Market Participation

Indicator	Women	Men
Share of unpaid care work (%)	~76%	~24%
Time spent on unpaid care	Significantly higher	Lower
Time availability for paid work	Limited	Higher
Labor market participation	Lower	Higher

Source: Author's elaboration based on ILO (2018) and care economy literature

3.2 Reservation Wage and Participation Decisions

The concept of the reservation wage provides a key analytical framework for understanding how unpaid care work influences labor market participation decisions. In labor economics, the reservation wage is defined as the minimum wage at which an individual is willing to accept paid employment rather than remain outside the labor force or engage exclusively in non-market activities.

Unpaid care work directly affects this threshold by increasing the value of time spent in non-market activities. As caregiving responsibilities intensify, the opportunity cost of participating

in paid employment rises, leading to a higher reservation wage (Goldin, 2022). Consequently, individuals may choose not to enter the labor market unless wages exceed this threshold. This mechanism helps explain lower participation rates among individuals with significant care responsibilities.

The relationship between unpaid care work, reservation wage, and labor market participation can be summarized analytically. As unpaid care responsibilities increase, the time available for paid work decreases, while the reservation wage rises, reducing the likelihood of labor market participation. At the same time, individuals may shift toward more flexible but often lower-quality employment arrangements.

As shown in Tab. 2, higher levels of unpaid care work are associated with lower time availability, higher reservation wages, and reduced participation in formal employment.

Table 2. Unpaid Care Work and Its Effects on Reservation Wage and Labor Market Participation

Level of Unpaid Care Work	Time Availability for Paid Work	Reservation Wage	Likelihood of Labor Market Participation	Type of Employment
Low	High	Low	High	Full-time, formal
Moderate	Medium	Medium	Moderate	Part-time / flexible
High	Low	High	Low	Informal/no participation

Source: Author's elaboration based on labor supply theory and care economy literature

3.3 Labor Market Consequences

The interaction between time constraints and reservation wage dynamics translates into a range of observable labor market outcomes. Unpaid care work affects not only whether individuals participate in the labor market, but also the type, quality, and stability of employment they can access.

One of the most significant consequences is the higher likelihood of participation in informal employment. Individuals with substantial unpaid care responsibilities often require flexible working arrangements in order to combine paid work with caregiving tasks. However, formal employment is frequently characterized by rigid schedules, making it difficult to reconcile with care obligations. As a result, individuals may opt for informal or flexible employment, which provides adaptability but is typically associated with lower wages, reduced job security, and limited access to social protection.

Another important outcome is the reduction in working hours and the increased prevalence of part-time employment. Time constraints limit the number of hours that can be devoted to paid work, leading individuals to accept reduced working hours or intermittent employment. Over time, this can negatively affect earnings, career progression, and labor market attachment.

Comparative evidence also shows that access to childcare services has a significant impact on labor market participation. Studies from OECD countries indicate that increased availability of affordable childcare is associated with higher employment rates and working hours among women with caregiving responsibilities (OECD, 2023). These findings further support the argument that care infrastructure plays a central role in shaping labor supply decisions and employment outcomes.

A further key dimension is the presence of the “motherhood penalty,” which reflects the systematic disadvantages associated with caregiving responsibilities. Empirical evidence shows that approximately 606 million women remain outside the labor force due to unpaid care obligations (Addati et al., 2018). In addition, individuals with caregiving responsibilities often face lower employment rates, reduced earnings, and slower career progression, reflecting both time constraints and structural labor market barriers.

Overall, these outcomes highlight that unpaid care work operates as a structural determinant of employment patterns, shaping both the quantity and quality of labor supply and contributing to persistent labor market inequalities.

4. Structural and Institutional Factors

The distribution and impact of unpaid care work are shaped not only by individual choices, but also by broader structural and institutional factors. Social norms, infrastructure, access to care services, and institutional frameworks play a central role in determining how care responsibilities are allocated and how they influence labor market outcomes.

Social norms are among the most influential determinants of unpaid care distribution within households. In many contexts, caregiving responsibilities are implicitly associated with traditional roles, leading to an uneven allocation of unpaid work (OECD, 2023). These norms shape expectations regarding time use and labor market participation, reinforcing structural constraints on labor supply.

Infrastructure also plays a critical role in determining the time burden of unpaid care work. Limited access to basic services—such as water, energy, and transportation—increases the time required for domestic tasks, intensifying time constraints and reducing the time available for paid employment. Conversely, improved infrastructure can significantly reduce the time intensity of unpaid care work and facilitate labor market participation.

Access to care services is another key factor influencing labor supply decisions. The availability and affordability of childcare, eldercare, and healthcare services determine the extent to which care responsibilities must be absorbed within the household. In the absence of such services, individuals face higher opportunity costs of employment, leading to reduced labor market participation (World Bank, 2022).

Institutional frameworks, including labor market regulations and social protection systems, further shape the relationship between unpaid care work and employment. Policies related to parental leave, flexible working arrangements, and working conditions influence the ability to reconcile paid work with caregiving responsibilities. Weak or limited institutional support increases constraints on labor supply and contributes to lower participation and job quality.

Overall, these structural and institutional factors interact to reinforce or alleviate the constraints associated with unpaid care work. Their combined effect highlights that labor market outcomes are not solely determined by individual decisions, but are shaped by broader socio-economic conditions.

5. Policy Framework and Interventions

5.1 The 5R Framework

Addressing the economic and social implications of unpaid care work requires integrated policy responses that recognize its systemic nature. The “5R” framework—Recognize, Reduce, Redistribute, Reward, and Represent—provides a comprehensive approach to addressing structural imbalances in both unpaid and paid care work (UN Women, 2016).

The first component, **recognize**, refers to acknowledging unpaid care work as a form of productive labor. This involves improving its visibility through measurement tools such as time-use surveys and integrating it into economic and policy analysis.

The second component, **reduce**, focuses on decreasing the time burden associated with unpaid care work. This can be achieved through investments in infrastructure and services that improve the efficiency of care-related activities, thereby alleviating time constraints.

The third component, **redistribute**, emphasizes the need for a more balanced allocation of care responsibilities both within households and across institutions, including the state, the market, and the community. Expanding access to public care services plays a central role in this process.

The fourth component, **reward**, addresses the conditions of paid care work by promoting fair wages, decent working conditions, and adequate social protection for care workers.

The fifth component, **represent**, highlights the importance of ensuring that care workers have a voice in decision-making processes through labor rights, social dialogue, and collective representation.

Together, these components provide a multidimensional framework for addressing the structural constraints associated with unpaid care work and for improving labor market outcomes.

5.2 Policy Instruments

Building on the 5R framework, a range of policy instruments can be identified as essential for addressing the constraints associated with unpaid care work and improving labor market outcomes. These instruments operate through different channels but share the common objective of reducing time constraints, lowering opportunity costs, and facilitating participation in paid employment.

One of the most important policy tools is the expansion of childcare services. Access to affordable and high-quality childcare reduces the need for unpaid caregiving within households, thereby increasing the availability of time for labor market participation (World Bank, 2022).

Parental leave policies also play a key role in enabling individuals to reconcile work and caregiving responsibilities. Well-designed leave schemes support labor market attachment and can contribute to a more balanced distribution of care responsibilities within households.

Labor market regulations, particularly those promoting flexible working arrangements, allow individuals to combine paid work with care responsibilities more effectively. At the same time, adequate protections are necessary to ensure that flexibility does not lead to precarious or low-quality employment.

In addition, public investment in infrastructure and care services—including healthcare, education, and basic services such as water and transport—can significantly reduce the time

burden associated with unpaid care work. Such investments not only alleviate time constraints but also support employment creation within the care economy.

Overall, these policy instruments are most effective when implemented in a coordinated manner. Their combined impact can reduce structural barriers, improve labor market participation, and support more inclusive and efficient economic outcomes.

6. Discussion

The analysis presented in this paper highlights that unpaid care work is not merely a complementary aspect of household life, but a central determinant of labor market behavior and outcomes (Benería, 1999). By integrating insights from labor supply theory, reservation wage dynamics, and time allocation models, the paper shows that unpaid care responsibilities operate as structural constraints influencing both the quantity and quality of labor supply.

A key implication is that time poverty and reservation wage mechanisms are closely interconnected. As unpaid care responsibilities increase, individuals face tighter time constraints, which reduce the hours available for paid work and raise the opportunity cost of labor market participation. This leads to higher reservation wages and, consequently, lower participation rates or selective engagement in flexible forms of employment.

These outcomes are not isolated phenomena, but part of a broader structural pattern. Informal employment, reduced working hours, and penalties associated with caregiving responsibilities can be understood as interconnected effects of the same underlying constraints. This suggests that labor market inequalities are shaped not only by individual choices, but also by systemic factors that influence how time and responsibilities are distributed.

From an economic perspective, these dynamics have important implications for efficiency and growth. The underutilization of labor represents a loss of productive capacity and human capital, while long-term constraints on participation may limit skill accumulation and career progression. As a result, unpaid care work should be considered a key factor in understanding overall economic performance.

The analysis also highlights the role of structural and institutional contexts. Social norms, infrastructure, access to services, and labor market regulations interact to either reinforce or alleviate the constraints associated with unpaid care work. Where support systems are limited, individuals face higher barriers to labor market participation, while stronger institutional frameworks can improve outcomes.

At the same time, the effects of unpaid care work are not uniform across all socio-economic and institutional contexts. Labor market outcomes may vary depending on factors such as income level, rural and urban differences, migration status, and access to public care services. In countries with more extensive childcare systems and supportive parental leave policies, the constraints associated with unpaid care responsibilities may be partially reduced. In addition, a more balanced distribution of caregiving responsibilities, including greater involvement of fathers through parental leave policies, can contribute to improving labor market participation and reducing long-term inequalities.

Finally, the policy framework discussed in the paper provides a pathway for addressing these challenges. The 5R approach, combined with targeted policy instruments, offers a comprehensive strategy for reducing structural constraints and improving labor market participation. The findings suggest that coordinated policy responses are necessary to achieve meaningful and sustained improvements.

This study is subject to several limitations. As a theoretical and narrative literature review, the analysis does not include primary empirical data or econometric estimation. In addition, the relationship between unpaid care work and labor market participation may vary across countries and welfare systems depending on institutional support, labor market structures, and cultural norms. Future research could further explore these dynamics through comparative empirical analysis and country-specific case studies.

7. Conclusion

This paper has examined the role of unpaid care work in shaping labor market participation from a theoretical and policy-oriented perspective. The analysis demonstrates that unpaid care work constitutes a key constraint on labor market engagement by limiting time availability, increasing the opportunity cost of paid employment, and raising reservation wages.

The findings show that unpaid care responsibilities influence not only the likelihood of entering the labor market, but also the type and quality of employment individuals can access. Outcomes such as reduced working hours, higher participation in informal employment, and caregiving-related penalties reflect structural constraints rather than purely individual preferences.

From a broader economic perspective, these dynamics highlight the importance of unpaid care work as a determinant of labor market efficiency and overall economic performance. The underutilization of labor and limited integration of individuals with high care responsibilities represent a loss of productive potential and human capital.

The paper also emphasizes the role of policy in addressing these challenges. The 5R framework, together with policy instruments such as childcare services, parental leave, labor market regulation, and public investment in care infrastructure, provides a comprehensive approach to reducing time constraints and improving labor market participation.

Ultimately, investing in the care economy should be understood not as a cost, but as a strategic investment. Strengthening care systems is essential for promoting more inclusive, efficient, and sustainable economic outcomes.

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