

**THE VALUE OF DOMESTIC WORK**  
**THE ECONOMIC AND SOCIAL ROLE OF EMPLOYER FAMILIES**

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**Care economy: employers as economic participants**  
**How domestic work affects the Italian GDP**



Firmataria del C.C.N.L. sulla disciplina del rapporto di lavoro domestico



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THE ECONOMIC AND SOCIAL ROLE OF EMPLOYER FAMILIES

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Dossier 6

**Care economy: employers as economic participants**

**How domestic work affects the Italian GDP**

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## Introduction

by di Lorenzo Gasparrini, General secretary of DOMINA



In this dossier we offer a reflection on the *care economy*, which starts with an analysis of the contributions of domestic work to the Gross Domestic Product of our country. This is followed by a study of the public expense for assistance and which crosses these variables with the role of the family and with a final estimate of the direct benefits of domestic work. The crossing of these factors is unavoidable in order to go ahead with the research work that this dossier is part of and in order to reach the objective of the “evaluation” of domestic work. In fact, in order to determine the value of an object, you need to study every aspect of it. The same thing takes place for the domestic work sector; the survey field of DOMINA research.

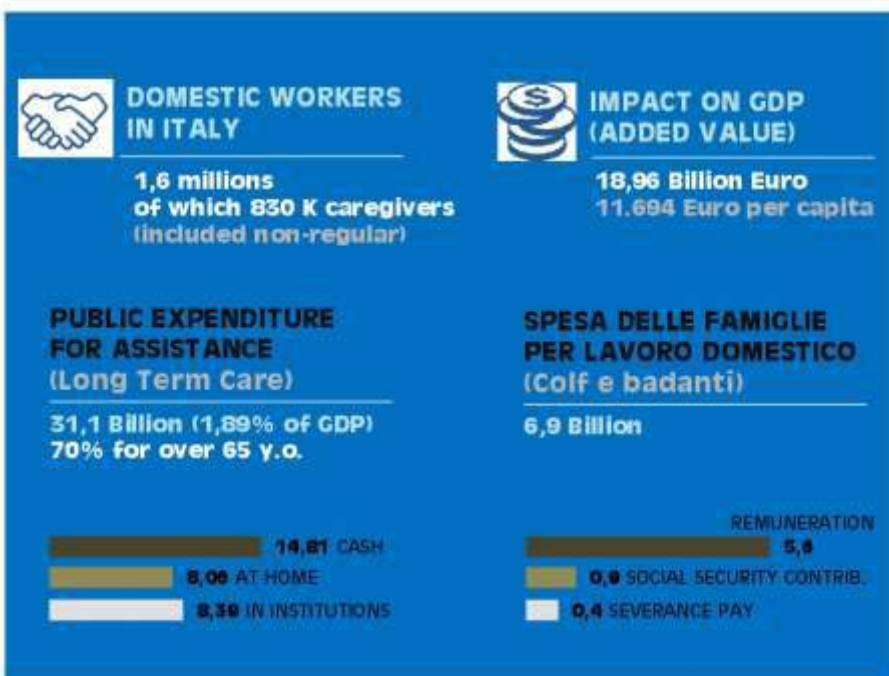
There is a lot of talk about emergency in the care and assistance of dependent people in our country. This is due to cuts in the health and social systems, which especially hits the elderly. Organisations are called to face the double challenge of the economic stagnation and the ageing of the population. According to the United Nations revision report 2017 on the estimate of the world population, the number of people over 60 years old should triple in 2100; rising from 962 million in 2017, to 3.1 billion. The population of over 80, 137 million in 2017, is estimated to reach 909 billion in 2100. A quarter of the European population today is already over 60 and in 2050 the percentage will rise to 35%. In line with these numbers we find the ISTAT estimate which is analysed in dossier 1; according to which in Italy in 2016 people over 75 represented 11% of the population. A value which is destined to grow to 23% in 2050. In this perspective the *care economy*, if treated as an integral part of the country’s economic system, could be seen as the “business of the future”. Although, like any “business”, in order to give results it needs the commitment of time, ideas and above all money. At the moment, the only company in this “market” which invests money is the family. Counting only the families’ expense for domestic work, the *care economy* is worth billions of euros a year with salaries, severance indemnity payment and contributions. Such expense cannot be sustained just by the assisted person’s pension because, as brought to light in dossier 5 by DOMINA’s research, most elderly people don’t have a pension that allows them to access the care services which they need. This means humiliating the sector’s potentiality and putting it in crisis. What would happen with the disengagement of the families? A good entrepreneur, in order to protect and expand production and profits, would put into act

market research to examine the factors involved and would then invest. A country with a forward-thinking vision therefore should invest in the company that better takes ahead the “*business*” of the *care economy*: the family. Italian families, in spite of everything, establish themselves as economic participants in the domestic work sector and the complex *care economy* with positive results on the government balance sheets and on occupation. The analysis of the range of these benefits is one of the objectives of the dossier. Not only; as mentioned above, before investing an accurate analysis it is necessary to understand the factors involved and the way in which families in Italy are involved in the various network links that make up the care and peoples’ service sector.



DOSSIER 6

## Care economy: employers as economic participants



**SAVING FOR THE STATE 15 Billion per year**  
**How much would the State spend if the families would not contribute to the cost of assistance?**  
The elderly's stay in residential facilities costs on average 19 thousand euro per capita.  
Multiplying by 830,000 elderly people today assisted by a caretaker, there would be an additional 15 billion-euro bill for the State.

## **Objectives and methodology**

As already mentioned in the previous dossier of this collection; the market of domestic work in Italy is characterised by a strong participation of families and the welfare system (Mediterranean system, cf. Dossier 5) and more limited contributions on the part of the central government compared to what happens in Northern European countries.

The commitment of the families however is born from the bottom up, as a response to a lack of public services rather than a strategic programme developed by the various forces in the field (Government, families, market). For this the risk is that the role of the families isn't properly valued and, consequently, safeguarded.

The objective of this dossier is exactly that; of giving value to (or rather measure and value) the role of employer families. Through the methodology used by the Leone Moressa Foundation to measure the contribution of immigrants to the national GDP<sup>1</sup>, it is possible to calculate the impact of total domestic workers (Italian and foreign, family assistants and domestic collaborators) in terms of added value produced every year.

In addition to the wealth produced by domestic workers in respect to GDP, it is useful to compare the public expense of assistance and the expense of the families. This clearly demonstrates the economic role of employer families who, in addition to providing an indispensable service, cover a portion of welfare otherwise state-owned: analysing this expense in detail, it is possible to calculate the benefit provided by the employer families to the national welfare system

Naturally, in addition to the direct financial flows (public and private) to the tax revenue and contributory expense, it is important to hint at the indirect benefits given to the national system by this sector. For example; the security given by the presence of a trusted domestic worker has allowed many Italian women to enter (or return) into the labour market. This has generated a virtuous circle in which it is now difficult to distinguish cause and effect (Has the development of domestic work favoured female employment or vice-versa?). Furthermore, the greater female participation in the labour market creates an economic drive: according to various studies, for every 100 women who enter into the

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<sup>1</sup> Leone Moressa Foundation, annual report of economy and immigration

labour market, up to 15 added positions can be created in the service sector (nursery, catering, transport, etc.) The growth of female employment creates, in turn, greater consumption and greater revenue for the government in terms of the tax system and social security contributions. Stability plays a part therefore in this multiplying effect, given by the possibility to calmly hire a domestic worker for the care of the house or for assistance for children or elderly.

## The contribution of domestic work to GDP

Wanting to analyse the contribution of domestic work to the Italian Gross Domestic Product (hereafter GDP<sup>2</sup>), the first step is to calculate the number of those employed in this sector.

In Dossier 1 we used the definition of “domestic worker” supplied by INPS<sup>3</sup>, calculating 866 thousand total workers in 2016 (44% carers and 56% home helps).

It is worth specifying that the INPS watchdog supplies information on domestic workers who are insured by INPS (therefore legal) and refers, as a disclosed statistic unit, to a domestic worker who has received at least one contributory payment in the course of the trimester or the year.

The source of the data used to build the watchdog on domestic work is from the administrative archives created and acquired from the information contained:

- In the compulsory communications of hiring, transformations, extension and termination of the domestic employment relationship made by the employer (paper form and online communications)
- In the payments (postal or online current account forms) made by the employer for the payment of social security contributions

Nonetheless, we have observed that the INPS disclosure gives a lower number of domestic workers than the actual figure; excluding the non-standard employment (both the “illegal”, in other words not having an employment contract, and the “grey”, in other words working more hours compared to those expected and declared).

Therefore, in order to have an estimate of the wealth produced by domestic work in Italy, we need a broader classification. We look therefore at the data supplied by the national Istat accounts, elaborated from the work force sample survey carried out annually by Istat (Istat RCFL) and integrated with administrative sources.

In general the national accounts also include non-standard employment, that is all internal employees who give their working activity to resident production units in the economic territory of the country (so it refers to the residency of the production unit and not the residency of the employed person)

The information measured among the population makes up the base on which the official estimates of employed and unemployed derive, as well as information about the main

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<sup>2</sup> In this study we refer to “GDP” or to the “wealth produced” using the reference term of “added value” produced by employees in Italy, supplied by Istat.

<sup>3</sup> [https://www.inps.it/webidentity/banchedatistatistiche/menu/domestici/domesti\\_nota.html](https://www.inps.it/webidentity/banchedatistatistiche/menu/domestici/domesti_nota.html)

aggregates of the job offer – profession, economic job sector, hours worked, type and duration of contracts, training. Among the internal employees, those people temporarily not at work but who maintain a formal link with their employment position are also included. This could be, for example, those who have a guarantee of returning to work or an agreement about a return date (for example, “unemployed” workers).

The ISTAT data refers to all employed inhabitants in production unit, both resident and non-resident. People at least 15 years of age are considered “employed” if during the relevant week *“they have carried out at least one hour of work in any job that provides a monetary payment or payment in kind, they have carried out at least one hour of non-paid work in the family business which they contribute to on a regular basis or they are absent from work (for example, on holiday or off sick)”*.

Furthermore, the well-known Istat methodology “the labour market” of the 10th March 2017 clarifies that “the previous conditions exclude the signing of an employment contract, and the number of employed estimated through the sample labour force survey therefore also include non-standard forms of employment”

After this brief description of the methodology used by Istat to calculate the employed, let’s go back to domestic work in more detail.

Let’s consider therefore category ATECO<sup>4</sup> “T”: Family and cohabitation businesses, like employers of domestic personnel, production of undifferentiated goods and services for the use of the families and cohabitants.

Within this category two classes of workers are included:

>> *T 97. Family and cohabitation businesses, like employers of domestic personnel:*

- *Family business and cohabitation (including residents) like employers of domestic personnel, such as domestic collaborators, chefs, waiters, cloakroom attendants, butlers, laundry women, gardeners, stable hands, drivers, custodians, governesses, babysitters, carers, tutors, secretaries, etc.*

*From class 97, the following are excluded:*

- *Meal preparation services, gardening etc. by independent suppliers (companies or individual), cf. based on the type of service*
- *Appartment block administration*

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<sup>4</sup> Classification on the Economic activities supplied by Istat

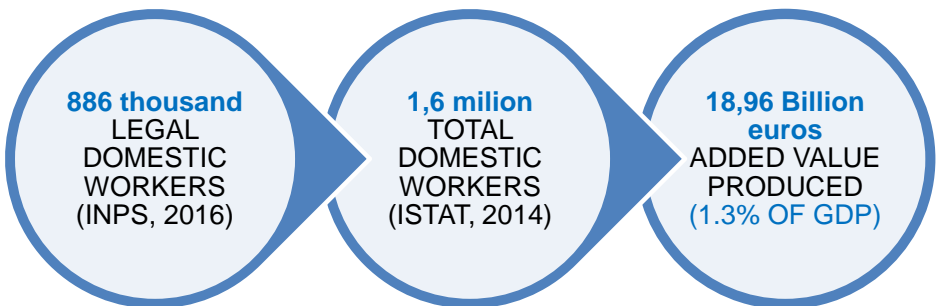
>> T 98. *Production of undifferentiated goods and services for the use of the family and cohabitants: this division includes family and cohabitation businesses which produce subsistence goods and services<sup>5</sup>.*

In this way a number of over 1.6 million domestic workers is obtained (9% of total workers), about half compared to the data provided by INPS.

At this point it is possible to calculate the wealth produced by workers in this industry. That which, to simplify, we will call "contribution to GDP", is really – technically - the amount of added value produced, distributed by the sector workers. For this estimate the Istat data concerning added value are used (referring to 2015, the last year in which Istat presents updated data on the regional accounts by sector), distributed by the employed recorded by Istat (2014).

In this way we obtain an amount of added value (contribution to GDP), generated by domestic workers, measurable at little under 19 billion euros; equal to 1.3% of the total GDP. We need to underline the incidence, which is very different, between the number of employed (9% of the total) and the Added Value (1.3%), this is naturally a sign of a sector with a low added value.

**Fig 1. Estimate of the contribution of domestic workers to the GDP**



Elaborations FLM on Inps and Istat data

<sup>5</sup> Only those families and cohabitation activities are included where it is impossible to identify a main activity amongst the subsistence activities of the family. If the family is involved in a productive market activity, its production must be classified based on the main market activity that it carries out.

On a territorial level, almost a third of A.V produced is concentrated in Lombardy (19.2%) and Lazio (15%), in other words the two regions with the highest number of personnel.

It is interesting to note also the value per person calculated from Istat data: on average every domestic worker has produced €11,694 of added value, with a maximum peak in Lombardy, Emilia Romagna, Trentino Alto Adige and Valle d'Aosta (over 13 thousand euros). The minimum values rather, are registered in Sicily and Sardinia; with less than 10 thousand euros.

**Tab 1. Estimate of the contribution to GDP by domestic workers (2014)**

<b>Regions</b>	<b>Lavoratori domestici<sup>6</sup></b>	<b>V.A. Lavoratori domestici (Miliardi euro)</b>	<b>Distrib. %</b>	<b>V.A. pro-capite</b>
Lombardia	276.600	3,63	19,2%	13.132
Lazio	268.900	2,84	15,0%	10.560
Emilia-Romagna	113.700	1,55	8,2%	13.668
Campania	138.300	1,53	8,1%	11.087
Piemonte	123.200	1,51	8,0%	12.249
Toscana	101.500	1,30	6,8%	12.768
Veneto	101.900	1,28	6,8%	12.600
Sicilia	121.000	1,11	5,9%	9.187
Puglia	71.700	0,74	3,9%	10.278
Liguria	51.000	0,63	3,3%	12.345
Sardegna	56.000	0,50	2,6%	8.873
Calabria	42.200	0,44	2,3%	10.431
Friuli-Venezia Giulia	32.200	0,41	2,2%	12.705
Marche	30.200	0,39	2,1%	12.983
Umbria	26.100	0,31	1,6%	11.793
Abruzzo	27.300	0,30	1,6%	10.949
Trentino Alto Adige	21.500	0,29	1,5%	13.651
Basilicata	10.400	0,11	0,6%	10.385
Molise	4.900	0,05	0,3%	10.163
Valle d'Aosta	2.500	0,03	0,2%	13.640
<b>Italia</b>	<b>1.621.100</b>	<b>18,96</b>	<b>100,0%</b>	<b>11.694</b>

Elaborations FLM on Istat data

## **The presence of “non-standard employment” in domestic work**

At this point it is appropriate to mention, in particular, the issue of non-standard work which is notoriously wide spread (also) in domestic work.

It is exactly the characteristics of domestic work (just to name some: the employer isn't a businessman, the place of work is the employer's house, the worker in many cases works few hours) that make the practice of “illegal” work (without a contract) common and even more that of “grey” work (more hours worked than those declared).

In 2016 The Leone Moressa Foundation estimated, from Istat sources, the presence and impact of non-standard foreign workers in Italy (a total of 558 thousand). Of these, around 70% would be employed in the service sector (398 thousand), in which domestic work is also a part.

From a practical analysis and according to the opinion of experts in the sector, we can identify a link between non-standard work and the number of hours worked: it seems in fact ever more frequent not to legalise the collaborator when they work few and maybe occasional hours. This is rarer when concerning more continuative and lasting collaborations.

It is even more difficult to identify the “grey work”.

So, to refer to the category of total domestic workers (legal and illegal), we refer to the data from the Istat national account (1.6 million), about double compared to those given by INPS (886 thousand).

However, we need to recognise that also non-standard domestic workers contribute to the creation of the GDP. Considering the same productivity between legal and illegal workers, we can estimate that the added value produced by the 735 thousand non-standard domestic workers corresponds to 45% of the A.V produced by the whole sector; in other words 8.6 million euros.

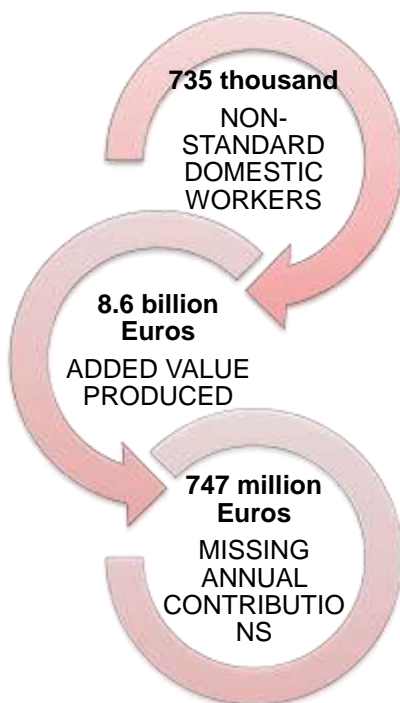
On the other hand we need to recognise a loss for the national system in terms of a lack of tax revenues and contributions. If families annually spend 900 million euros for legal domestic workers (€1016 per person), we can calculate the lack of tax revenue for the 735 thousand illegal workers as equal to 747 million euros annually.

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<sup>6</sup> Considered activity T code: Family and cohabitation activity, like employers for domestic personnel, production of undifferentiated goods and services for own use of the family or cohabiter



**Fig 2. Estimate of the presence and impact of non-standard domestic workers (2014)**



Elaborations FLM on Istat data

## **The public expense for assistance (Long Term Care)**

With regard to costs; the analysis of public expenditure for the assistance of dependant people is somewhat complicated, considering the many items in which it is inserted and which can hardly be broken down (for example, health costs).

An interesting indication about the items to consider comes from the general government annual accounting report<sup>7</sup>, from which you can calculate the Italian public expense for assistance (Long Term Care, LTC). This includes the following three components: the health costs for LTC, the accompaniment allowance and the social welfare interventions; supplied at local level and addressed at the disabled and dependant elderly.

According to the last available report (2015 figures), the total public expense for LTC amounts to 31.3 billion euros, equal to 1.9% GDP, of which two thirds is supplied to subjects over 65 years. The health component and the accompaniment allowance together cover almost 90% of the total cost of LTC, with essentially equivalent amounts. The remaining part, little more than 10%, is represented by other assistance services. .

The health component of the public cost for assistance in the year 2015 was equal to around 13.82 billion euros (0.8% of GDP), which corresponds to 12.3% of the total health costs.

The profiles, by age and sex, of health consumption make up an essential parameter of the estimation model; in the fact that, interacting with the population structure, they show the size of the population impact on spending dynamics. Assistance addressed at the elderly and disabled represents a third of the complete costs for LTC. This percentage is subdivided between the component which is supplied in a residential form and covers around half of the costs, and the non-residential form; defined as the grouping together of costs for services given in the form of semi-residential assistance and domestic assistance.

Accompaniment and communication allowances (L.18/1980, from now on simply "accompaniment allowance") are monetary benefits supplied to invalid, blind and deaf-mute civilians and are exclusively dependent on the psycho-physical condition of the subject.

The accompaniment allowances supplied to invalid civilians cover almost all the total costs and are strongly connected to age. In fact, the incidence of beneficiaries on the resident population of equal age and sex, in the age range of up to 60, remains essentially stable, to then rise rapidly in the consecutive age range. In the over 90s, the incidence is equal to

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<sup>7</sup> The trends of medium-long term period of the pension and social-health system, RGS 2016

around 35% for males and around 51% for females. Significant increases, albeit with a much smaller dimension, are recorded for the accompaniment allowances of the blind.

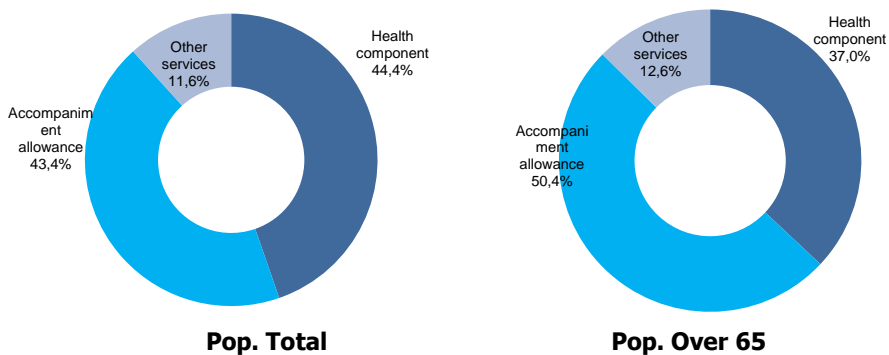
The "Other LTC benefits" are benefits in kind, recognised in the form of residential and semi-residential and, in a residual measure, cash benefits.

For 2015, public expenditure on all non-health-related LTC benefits not attributable to accompanying allowances is estimated to be 3.62 billion euros (0.22 percentage points of GDP). Of this amount; little less than half is related to non-residential services, around a fifth to residential services and the remaining 30% to monetary transfers.

The following graphics report the contribution to the total cost of LTC by each of the three components described: the health component and the accompaniment allowance cover, respectively, 45% and 43% of the total costs, while the "other LTC benefits" absorb the remaining 12%. More than a third of costs are addressed at the dependant elderly and at least 65 years of age. This percentage results higher for the accompaniment allowance and the other services for LTC and more limited for the health component.

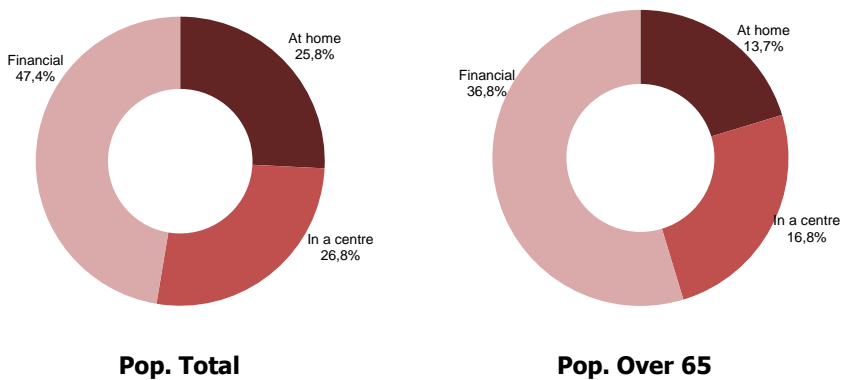
The cost of LTC can be further expressed by large scale function. In particular, there is a distinction: domestic and semi-residential assistance (*at home*), residential assistance (*in institutions*) and monetary services (*cash benefits*). The breakdown shows that monetary services represent 47% of the total cost of LTC and that, in the service environment, assistance *at home* is slightly lower than assistance *in institutions*.

**Fig 3. Public expense components for *Long Term Care* by type of service (Estimate 2015)**



Elaborations FLM on general government accounting data

**Fig 4. Public expense components for per *Long Term Care* by ways of service**



Elaborations FLM on general government accounting

## **The role of the families**

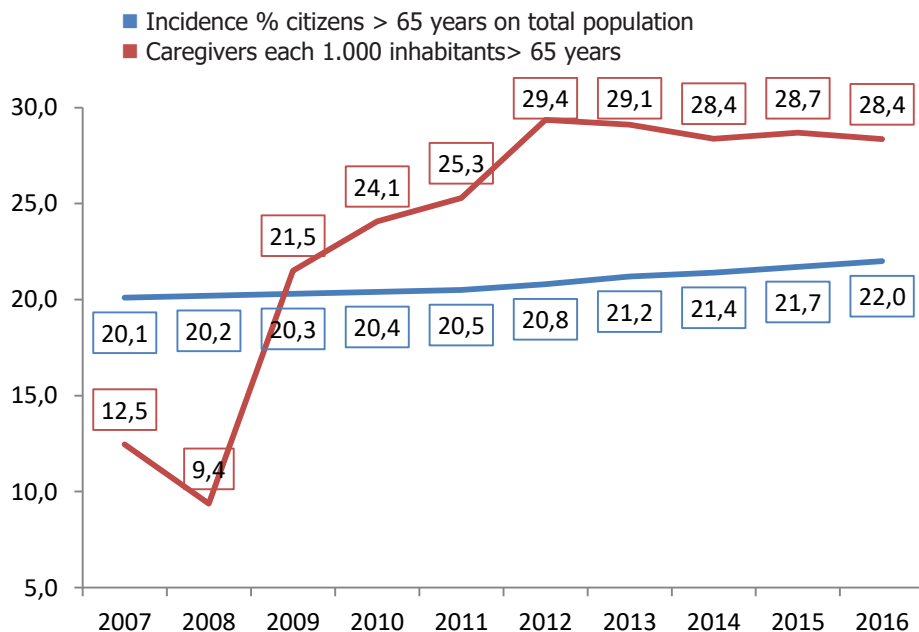
In Italy, like in other Southern European countries, a general acceptance and cultural preference exists in the fact that the family takes on themselves the care of the elderly. Therefore the numbers can be explained, at least partially, by this social phenomenon.

Overall, in Italy, there are around 13 million elderly people (for I'ISTAT this is people 65 and above) and they represent 21% of the Italian population. There are around 2.5 million dependant elderly, of which only 1.6% are admitted in residential departments. Considering self-sufficient and dependant elderly, assisted in social health and social assistance facilities, the percentage reaches 2.1% of the total of elderly residents. This is an amount that has been stable from some years and which reached 3% in 2005 (cf. SPI-CGIL, 2016).

Compared to other EU countries, Italy presents the lowest number of elderly people admitted to residential facilities. The continental average is around 5%, with higher numbers in Northern and central European countries (Belgium, Sweden, The Netherlands, France) and the lowest numbers registered in Southern Europe (Greece, Spain, Portugal e, indeed Italy). It should also be highlighted though that the majority of European Union countries are inverting the growth trends and reducing the percentage of elderly people who are assisted in residential facilities (NNA, 2013). The phenomenon is the fruit of specific policies drawn to reducing the cost of assistance and guaranteeing a better quality of life in the elderly person's own home. In Italy this aspect is confirmed in an almost spontaneous way since the number of family assistants has increased exponentially, which, in fact, has significantly impeded resorting to the institutionalization of the elderly.

As shown in the figure, in the last 10 years the number of elderly people (over 65) in Italy has consistently grown, going from 21.1% of the population to 22%. In the same period, the number of carers has increased at a higher rate, going from 12.5 per thousand elderly in 2007, to 28.4 in 2016.

**Fig 5. Historical sequence. Elderly population and carers (2007-2016)**



Elaborations FLM on INPS and Eurostat data

As well as private assistance, the public integrated domestic assistance (ADI) is a service that has grown in recent years and currently concerns 4.1% of elderly Italians: 4.6% in Central Italy and 3.3% in the south. However, the average number of hours supplied has dropped; the health companies increase the number of those assisted but, spending less, reduce the number of hours of assistance for every elderly person. The accompaniment allowances continue to represent a significant amount of available services: around 12% of elderly Italians benefit from it, but the users are slightly lower compared to 2011 (12.6%). "Care allowances, in other words economic resources addressed at dependant elderly people and their families, aimed at supporting the assistance burden inside the domestic walls, have been the object of a robust investment on the part of numerous administrations during the last decade. Even though figures from institutional sources don't exist, all the information available indicates that with the start of the new decade – at the same time with the reduction of funds transferred from the government and the financial crisis of local bodies – a setback is registered, with the decline of users in many territories. The most

recent figures and information indicate that this tendency of reduction is still underway” [Dependency Network - NNA, 2015].

Regional detail presents an important heterogeneity compared to the mix of cover (amount of elderly that receive the service) and the intensity (average hours given to each user in a year). In general, the regions that have limited users are able to guarantee a higher intensity of assistance; however, the intensity falls with the increase of users and this happens in regions such as Lombardy, Veneto and Lazio. In recent years the amount of ADI has grown; above all thanks to the push, promoted by many regions, to reach a higher number of elderly and to which priority was given compared to the intensity of interventions. In any case, these tendencies indicate the presence of cost obligations that are always more pressing in all local realities [NNA, 2015].

If it is true that the trend of total public cost for continuative assistance for the dependant elderly has demonstrated a positive increase from 2005 to today; the amount of expenses destined to health components has fallen, with strong repercussions on towns and families of those assisted. The reduction of resources and services has pushed families to rationalise their own finances and to keep the accompaniment allowance within the home, involving family members more in the job of assistance. In such scenario, sociological mutations of the family structure are inserted. The breakdown of the patriarchal structure, especially in Italy, has brought about a situation with families who are rarely able to host and care for an elderly person in need of continual health and social assistance. In such a context, the informal response has mainly been trusted to the creative planning of the family nucleus with internal assistance solutions tied to: choosing a component such as a *carer*, family members rotating to give assistance, support of a neighbour, friend or volunteer to take on the job of caring. In the absence of these conditions they resort to alternative solutions (family assistants or they delegate the functional organisation to a private party).

So-called family assistants are, therefore, adults that provide help to a family member in daily activities, in care management, in accompaniment and in other support activities. “In Italy, as in other Southern European countries, a general acceptance and cultural preference exists in the fact that the family takes on board the care of the elderly” [NNA, 2015]. Even if official censuses don’t exist, ISTAT has estimated that in Italy there are around 3.330.000 people between 15 and 64 years of age that take care of adults (elderly included). 8.6% of the population between 15 and 64 years is, therefore, involved in free

assistance activities in different ways and with different titles (the female component is around 63%).

It is interesting, on this subject, to report what was revealed in the fifth report on social cohesion handled by ISTAT [ISTAT, 2013]. This report reveals the number of employed people that have benefited from Law no. 104/1992 ("Framework law for assistance, social integration and the rights of disabled people", including measures for family members of disabled or dependent people in terms of work permits and other benefits). In 2012, the beneficiaries of the law were little over 356,000, while only in the first semester of 2013, they were 303,000. Although these total figures include both employed disabled people and those employed with family members in situations of the dependants, it is possible to obtain how many of the first case there are (20%) and the second case (80%). The usage rate of these benefits is much higher in Central and Northern Italy, above all in Lazio.

There are also forms of economic support for dependant elderly people who are assisted in their own home: these are allowances (monetary distributions) and are freely usable by the assisted and their family, as already mentioned in the previous chapter. In Lombardy, one of the regions in which residential social health policies for the elderly are described in detail in a dedicated chapter, there is no specific monetary care allowance for dependant senior citizens of direct regional responsibility. Nonetheless, over time, the region has introduced various attributable instruments in this area, amongst which there is the "carer voucher". With the Family Fund institution (dGr n. 116 of 2013 and dGr n. 2942 and 2014), the Lombardy region has introduced an experimental form of a voucher which can be used to acquire services that complete or substitute the work of the family assistant.

The Veneto region provides three types of contribution: economic support for disabled people who are assisted in their own home, support addressed at people with behaviour problems and that for the hiring of family assistants ("carers contribution"). Similar measures are found in Emilia-Romagna and in Tuscany; but in the face of the drastic reduction of regional Funds for the dependant, the amount of beneficiaries has decreased. The crisis, other than having generally weakened the instrument, has therefore determined somewhat variable responses: Liguria has opted to reduce the users and increase the intensity, Veneto has maintained the consolidated users and Emilia-Romagna, trying to maintain the unchanged service intensity, has remarkably reduced the users.



Another important pillar of assistance for the dependant elderly is represented in the ever more common plea of the assisted person's family members. We are dealing with the so-called "carer" phenomenon that has reached considerable numbers in Italy: considering also the non-standard, we can estimate a total number between 600 e 800 thousand, for the most part female and mostly foreigners (around 90%, mainly from Romania, Moldova and the Ukraine, but also from non-European countries like the Philippines, Brazil and Peru). The rate of non-standard work in this environment is very high: it is estimated that between 400 and 500,000 workers (two thirds of family assistants) don't have an employment contract. Furthermore; there are few family assistants, Italian and foreign, that have had specific care or nursing assistant training. At the base of the widespread use of irregularity, there are certainly the too high costs of regularisation and some benefits for both families and assistants: the former pay less and are free from obligations, the second, even though sacrificing guarantees and safeguards, gat a higher pay exactly because it is tax-free.

In general, we can confirm that the growing use of family assistants is due to economic and social reasons: on one side a lower availability of family assistants is registered, due also to the higher level of female employment that has to be compensated by other social categories. On the other side, the growing (until around 2012) number of foreign family assistants represented a big advantage in terms of recruitment for Italian families who have individuals in disability or dependant conditions.

After having observed the contribution of domestic workers to the GDP and the public expense on the part of the government, there is nothing left but to analyse the role of the family.

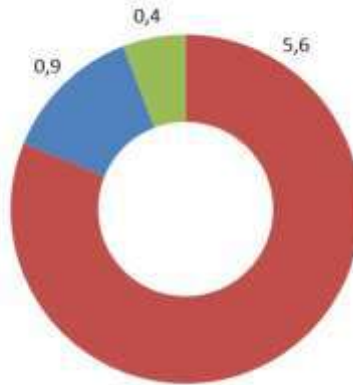
In Dossier 1 of this collection we estimated, starting from INPS data, the total cost for the families<sup>5</sup> in the management of domestic work. The result obtained is 7 billion euros for 2015, of which 947 billion contributions were paid to the government and 416 billion in severance indemnity. The average<sup>6</sup> six-year contribution rate, in other words the average salary of each worker, varies between 6 and 7 thousand euros.

It seems clear, from this calculation, that the cost for the families represents a considerable component, especially if compared with the 31 billion euros of public expense for LTC.

**Fig 6. Estimate of the cost of the domestic worker. Year 2015**

(Value in billions of euro. Total cost 6.98 million)

■ Estimated expense per salary; ■ Total contributions; ■ Estimated severance indemnity

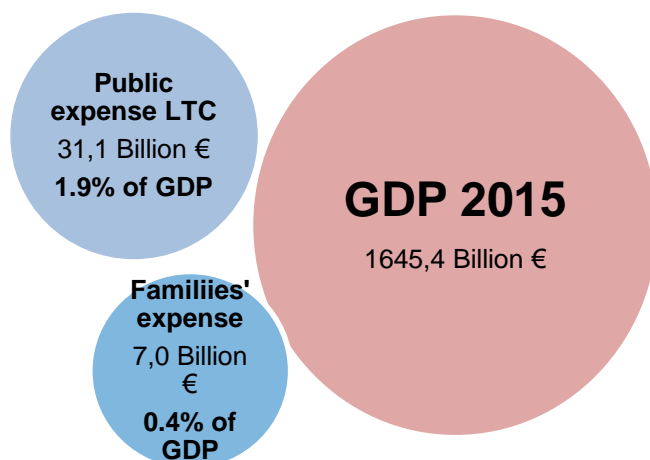


Leone Moressa elaborations on INPS data

It is interesting at this point to compare these values (public cost of assistance – LTC and the families’ cost for the different components of domestic work) with the Italian GDP in order to give an idea of the magnitude.

The figure shows how, totally, public and private costs for assistance have a value of 2.3% of the GDP (excluding, obviously, public health and social security spending). It is even more important to note the weight of the families’ costs compare to the public expense: 7 billion against 31.1: Italian families spend for domestic work (care of the house and person) little less than 25% of what the government spends.

**Fig 7. Comparison between public expense for assistance and families' expense for domestic work. Year 2015**



Leone Moressa elaborations on Istat and INPS data

<sup>5</sup> The estimate of salary costs was gained by considering the average value of salary ranges given by INPS and assuming a maximum salary of 14 thousand euros.

<sup>6</sup> The median was used to calculate the middle class

As well as the actual cost for the families, in order to evaluate the effective contribution of Italian welfare it is appropriate to consider the highest cost that the government should maintain in the absence of this form of self-supporting family.

INPS data shows that in 2015, around 886 thousand domestic workers were legally hired by Italian families, of which more than 375 thousand family assistants (carers). Adding also the non-standard component, it is estimated that there are a total number of 830 thousand carers (DOMINA estimate). Therefore, 830 thousand elderly people are cared for by a person at the family's expense (this expense is mainly financed, as seen in previous Dossiers, by the assisted person's pension, the resources of family members and, in a very limited measure, public subsidies).

According to the 2013 report by Dependency Network<sup>8</sup>, the cost of assistance increases with the passage from domestic assistance to care in a residential facility. The report, in particular, evaluates an English study (Dementia 2012 Report of the United Kingdom Alzheimer's Society, Lakey et al., 2012) according to which, the cost of domestic assistance for an elderly person with dementia to English welfare is around 17,300 euros a year in the case of an illness in the initial phase. This figure increases to around 24,200 e 34,000 euros for intermediate and terminal phases. In the cases of a patient who is forced to move to a residential facility, the cost of assistance reaches 37.200 euros a year.

The economic increase with the passage from the domestic assistance system to the residential one is also confirmed by other types of dependant people (Chappell et al., 2004; Genworth, 2012), and therefore makes the necessity to reinforce the territorial service network ever more important – traditionally in Italy it isn't widespread compared to other Northern European countries – in order to allow patients to live in their own homes for as long as possible.

Going back to the estimate of added costs that would worsen the public cash register, we know from the RGS report that the government spends 5.27 billion a year (2015 figure) for the assistance of the elderly in residential facilities (*in institution*, equal to 16.8% of the total cost for per LTC).

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<sup>8</sup> Dependency network report

According to the report “The heads of social-assistance and social health facilities” published by Istat in December 2015<sup>9</sup>, there are around 278 thousand elderly people who live in residential facilities. Crossing these two figures, we obtain a cost of 18,957 euros per person for each elderly person living in a residential facility (supposing a permanent stay in the facility). Clearly we are dealing with only a part of the total expense to which, once again, the family contributes.

However, this figure is sufficient to estimate the additional expense that would be incurred by the government in the case that families dropped their commitment to domestic work. If the 830 thousand family assistants in Italy were to stop working for the families, the government would have 830 thousand more elderly people to position in facilities. As well as a logistical and personnel problem, the government would have to cope with an additional expense of around 15 billion euros.

**Fig 8. Estimate of the government’s saving due to domestic work**



Leone Moressa Foundation elaborations on various sources

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<sup>9</sup> [Istat, 2015](#)

### **Estimate of the indirect benefits of domestic work**

In closing, as already quoted in this work, it is useful to recap the indirect benefits that domestic work, which is managed by families, brings to our country. These are experienced based analyses, supported by the data analysed so far and by the experience of millions of families.

The management of domestic work on the part of the families doesn't only allow the government to save on the costs of managing assistance facilities (as we have seen, for a saving of around 15 billion euros a year).

One of the main effects is that of allowing Italian women to enter – and stay – in the employment market. The conciliation between times of life and work, an unsolved problem on the part of the public welfare system, is absolved from the base, through the meeting between demand and offer managed directly by the families. Exceeding the economic and employment crisis of recent years, the current trend shows a growing participation of women in the employment market coinciding with the development of domestic work and care work. The correlation between the two variables probably has a double effect, determining a vicious circle that feeds itself (a higher presence of working women makes the presence of home helps and carers necessary and, vice versa, more care services favour the entrance of women into the employment market).

However, if on one side this "self-management" of family welfare guarantees adequate quality standards in the services offered, it cannot – and should not – determine a backward movement of the government in the responsibility of health management and assistance to people. It should actually represent a contribution to valuing and rewarding, also from a tax point of view.

If the level of female employment were to rise from the current 47% to 60%, according to estimates by the bank of Italy, the GDP would increase to 7%. A second effect, which is very important, would be the increase of fertility and birth-rate, over a long period; necessary increases for the growth and sustainability of a country amongst the oldest in the world, like ours.

The female economy generates true and precise multipliers which produce growth effects in the consumer sector, in services, in investments and in innovations, contributing to a development of the whole economic system.

## **Conclusions**

*by Massimo De Luca, lawyer of the DOMINA association*

We are in an age that is defined as the fourth industrial revolution; where technology anticipates our needs, information “follows” the individual and artificial intelligence produces “intelligent assistants” that have the goal of making our lives easier.

The family, the main nucleus where man’s activities are carried out, has gone through all the industrial revolutions and, being a natural prototype of the social macrocosm, has evolved at the same speed. The role of men, women and children has changed and the patriarchal family has changed into a close nucleus, generally made up of parents and children.

How is a traditional and domestic work, such as domestic work and assistance to people, arranged in Industry 4.0 ? All economic changes are followed by moral and cultural changes; in some cases, in order to face problems, we use or we “update” methods that are already known.

Tradition and innovation, in fact, can move together. This is the case in the domestic sector: the return of women to the world of work brings the return of babysitters and home helps and the pressing ageing of the population brings us to ask for the external help of carers. If “modern times” and the crisis bring women out of their homes for work, the grandfather has to be cared for in an external structure or by an external person. The alternatives proposed by the fourth industrial revolution are actually apartment building carers or a robot carer. At the moment though, both have inadequate prospective for growth in Italy. The traditional sharing of the web thanks to few clicks, in fact, is not so easy in reality: in order to share the knowledge of a person it is necessary to make timetables and job roles correspond to the different assisted people. The robot carer is still in the experimentation phase and doesn’t seem able to come up to the favour of the families, at least Italian ones who are looking for able carers who, as well as work, are able to give a little affection and attention to people who are often left alone. Without forgetting that the cost to buy and maintain a robot, with advanced intelligence, is still high and the digital abilities of today’s elderly people aren’t sufficient to be able to manage the robots.

The traditional solution is therefore still the favourite: to take on a family assistant in person. The difference in the 21st century is that the “service woman” is no longer the emblem of the socio-economic status of a wealthy family; today this figure is present in every social layer and the carer is requested by everyone. According to Istat data, it is the elderly with the

lowest income that are mostly hit by serious chronic diseases (46%, compared to 39% in more affluent classes) and by serious reductions in the independency to carry out daily activities (1.2%, compared to 8% in more affluent classes). Furthermore, due to a lengthy absence of the government, the families have become the predominant economic participants in the care economy overview.

Domestic work employer families represent a real and true army. I attribute them this nickname because there is a high number of them; around a million. Following the path of analysis of the dossier; their economic burden clearly emerges, in that the employer army allows the government to save 15 billion euros a year. Employers are defined economic participants because they influence the GDP of the country, employment and immigration and they represent a notable life saver for the government's cash register.

The analysis outlines a sector that, as well as substituting public welfare with do it yourself "home-made" welfare, has become an important economic resource for the country, without equals in other countries in the world. Domestic work employers substitute public assistance and manage more than one and a half million workers inside the home. Around 20% of immigrants currently in Italy work in our homes. Many Italians, victims of the economic crisis, are rediscovering and giving value to this work, which as already shown in previous Dossiers, hasn't known the crisis and promises a strong increase in the coming years.

During the study carried out by the Leone Moressa Foundation, we have seen how domestic work is conditioned by society and how, in turn, it is able to influence all levels that compose it: cultural, economic and social. In this dossier, in particular, we cover a complex and delicate in-depth course of financial character; illustrating and comparing economic amounts and figures, public and private expense in the assistance to people sector and domestic work. From the comparison of the figures, considerable differences emerge; the discrepancy of commitment in the sector between government and families is glaring. The care economy sector is characterised by that which we can define as a long term inversely proportional correlation which involves both public and private assistance.

The most evident example of this trend is the public Integrated Domestic Assistance (ADI): in view of an increase of the amount of elderly people that benefit from the service, there is a reduction in the number of hours distributed by territorial ASL for the assistance to the person. It emerged, from the analysis, that the regions which have limited users are able to insure a cover of sufficient hours to satisfy the assistance needs while in the bigger regions, the cover of assistance timetable is reduced.



Another typical unbalance of the sector is the constant growth of dependant subjects in view of an insufficient availability of trained positions able to assist, which complicates the private research for help on the part of the family.

All of the discrepancies of the sector of care economy, as we have seen from the data, weigh on the shoulders of the families and the effects are traceable also in other areas. This is shown by the latest statistics published by Istat; according to which the purchasing power (real income) for the family in the 2° trimester of 2017 stayed the same compared to the previous trimester and it fell by 0.3% based on the annual figure. This brought about a saving on the purchase of medicines and food and not only; again according to the latest reports spread by the Statistic Institute, the added value component generated from non-standard work and more relevant in the sector 'Other services to people' (23.6% of the total non-standard work in Italy in 2015), where it is mainly connected to domestic work. The domestic sector currently contributes 1.3% to the annual GDP (around 19 billion euros generated by home helps and carers) and according to the estimates by the DOMINA research; half of domestic workers, around 1 million, who are active in Italy don't have a legal contract. Imagine the benefit in added value terms that we could have if the amount of legal workers increased.

It is clear that in order to guarantee the health and efficiency of the care economy, a structured policy able to positively affect public and private assistance would be useful. This would allow the encouragement to get away from illegal work and to stem the inversely proportional correlation that exists between care and real assistance to the person.

Therefore, the much discussed Italian phenomenon of the ageing of the population inevitably has to influence national and local economy and not vice versa. It also has to bring about a full revision of the welfare system, in order to further contribute to the shaking up both of the essential phases of the people and of the economy of the families. In this way it can "remove the obstacles of economic and social order that, limiting freedom and citizen's equality, impede the full development of the person" (art.3 of the Italian constitution).

Guaranteeing the adequacy of the welfare system to the actual needs of the Italian population, domestic work and care work can legitimately enter into the fourth industrial revolution, into the so-called "Industry 4.0".

**THE VALUE OF DOMESTIC WORK**  
**THE ECONOMIC AND SOCIAL ROLE OF EMPLOYER FAMILIES**

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**DOMINA Research**

**National association of domestic work employer families**

**Carried out by the Leone Moressa foundation**

- DOSSIER 1.** Profile of domestic work employers in Italy. Dimensions of the phenomenon, population trends, economic and social impact
- DOSSIER 2.** The National Collective Bargaining Agreement on Domestic work and its future prospects.
- DOSSIER 3.** The socio-economic impact of domestic work on the family.
- DOSSIER 4.** Domestic work policies concerning the ILO Convention n. 189/2011. The Italian situation and international comparison.
- DOSSIER 5.** Welfare policies in support of employers' households: European comparison.
- DOSSIER 6.** Care economy: domestic employers as economic actors.
- DOSSIER 7.** Criminal offenses in domestic work.
- DOSSIER 8.** Domestic work and disability.
- DOSSIER 9.** Domestic work in Italy: regional deepening.
- DOSSIER 10.** Disputes in domestic work: balance between legality and necessity.



THE VALUE OF DOMESTIC WORK

THE ECONOMIC AND SOCIAL ROLE OF EMPLOYER FAMILIES

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Dossier 1

### **The employer's profile in**

Size of the phenomenon, population trends, economic and social impact



Firmataria del C.C.N.L. sulla disciplina del rapporto di lavoro domestico

DOMINA - National association of domestic work employer families, signatory of the National Collective Bargaining Agreement on the discipline of the domestic employment relationship. Safeguarding and assisting Italian families who, by taking on a domestic collaborator or a family assistant, become employers.

The Association is active throughout the country with its Operational Points in support of domestic work employers.

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