The dynamics of informal care provision in the Australian household panel survey: Previous work characteristics and future care provisions

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Motivation

- Goals
  - Investigate determinants of the dynamics of informal care provision
  - Identify the causal impact of previous work characteristics (job security and flexibility) on decisions to provide care
- Importance
  - Demographic change may require new policies for long term care provision
  - Need to understand what determines provision of care to design effective policies
  - E.g.: Will it help to increase job flexibility or security in order to increase provision of informal care?

Data and Analysis

- ► Data
  - ► 7 waves of Australian Household Survey (HILDA)
  - ► Informal care = unpaid care for elderly, disabled or individuals with long-term health conditions
- ► Empirical Analysis
  - ► Analyze whether provision of informal care is related to prior care, prior employment, socio-economic characteristics and demand for care in a dynamic multinomial probit model
  - ► Wooldridge approach for initial conditions
  - ► Correlated Random Effects approach (Mundlak) to take individual heterogeneity into account

Results

- ▶ Large state dependence in provision of care
- ▶ Male and female labor market participation decreases the probability of care provision
  - ▶ For women only full-time employment in t-1 has this effect
  - ▶ For men all types of employment (full, part time, self-employment) in t-1 decrease the probability of providing care in t
- ▶ Job security decreases intensity of care provided by women, but does not affect whether care is provided, and has no effect for men

Implications

- ▶ Policies that aim at increasing job security might not help to increase provision of information care

- ▶ Might need to worry about human capital of carers due to state dependence in provision of care

- ▶ Any policy that increases (female) labor market attachment will probably reduce informal provision of care
  - ▶ Child care
  - ▶ Alimony laws
  - ▶ ...

General Comments

- ► Interesting and important topic
  - ► Number of people needing care expected to increase
  - ► Many people are cared for and prefer to be cared for at home
- ► Societies need to think about this
- ► But: given the interaction between informal care and work, maybe informal care is not the best way to go.
- ► What about: encouraging people to buy long term care insurance?
- ► We could then use insurance to pay relatives or others to provide care

Idea: Paid care vs. unpaid care

- ▶ Australia already seems to have social programs that pay for care of relatives

- ▶ Conduct analysis on provision of any type of care provided by relatives

- ▶ Potential outcomes in multinomial model: paid care, unpaid care, no care

- ▶ Problem: Cannot distinguish between resident and non-resident care for paid care in HILDA

- ▶ But is that crucial (from a policy perspective)?

Interpretation of results

- ▶ Are the coefficients really consistent estimates of causal effects?

- ▶ Wooldridge/Mundlak approach relies on strong assumptions

- ▶ As robustness analysis use dynamic linear GMM approaches

- ▶ Maybe find exogenous variation in work status (e.g. plant closures in area, availability of child care facilities, age of youngest child in household,...)?

Minor Comments

- ▶ How are those who provide paid care treated in the main analysis?

- ▶ Job security/flexibility not observed for unemployed. But it seems weird to assign mean value to them. What about their own mean across observed time periods?

- ▶ Possible additional controls
  - ▶ Demand for care: whether(both) parents are still alive
  - ▶ Other potential suppliers of care: number of siblings, birth order of siblings