

Informal care intensity and labour market outcomes: Evidence from the Australian household panel survey

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This study aims to measure the causal impact of informal caregiving intensity on the labour market activities of working age Australians. We distinguish between primary and secondary caring roles and between care that is provided to people who cohabit with the carer or reside elsewhere. We address reverse causality with an instrumental variable (IV) approach, using the recent injury/illness of potential care recipients as instruments. The existence of unobserved individual characteristics is addressed by employing our IV approach on panel data. Ruling out the endogeneity of any caregiving intensity role and controlling for unobserved time invariant individual characteristics, we find that caregiving has a statistically and practically significant deterrent effect on employment for caregivers. The deterrent effect is concentrated among those who identify as the main resident caregiver. Furthermore, these employment impacts of care vary by caregivers' gender, age and the relationship with care recipients.

Keywords: informal care, labour supply, instrumental variables, panel data, causality.

JEL classification: J14, J22, C36.