Understanding the Effects of Informal Caregiving on Health and Well-being:

Heterogeneity and Mechanisms

Abstract
This study examines the heterogenous effects of informal caregiving on caregivers’ health and well-being and the mechanisms of the effects, which are largely undiscussed in previous literature. We used a combined estimation of fixed effects and the instrumental variables (FE-IV) to carefully address unobserved time-invariant individual characteristics and the endogeneity problem between caregivers’ health and caregiving status. Using four waves of the Japanese Study of Aging and Retirement, we found robust evidence of the negative effects of informal caregiving on caregivers’ mental health and life satisfaction, but not on physical health. Regarding the heterogenous effects, we found that caregiving had adverse effects on female caregivers’ mental health and life satisfaction, but not male caregivers. Our results also showed that caregiving had greater effects on individuals with a higher socioeconomic status, living with their in-laws, and for those in younger groups. Our results indicated that social networks and leisure and social activities were important channels through which informal caregiving might negatively affect caregivers’ health and well-being. This study provides suggestions that policy makers can use to mitigate the negative effects of caregiving with targeted interventions, while formulating policy to support informal caregivers.

Keywords: Japan, informal care, caregivers’ health, instrumental variables, mechanisms, heterogeneity

JEL classification codes: I10, I18, J14, J18