

Measuring the  
Impact of  
**Caregiving** in the Labor Force:  
EMPLOYERS' PERSPECTIVE

**JULY 2000**

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**HRI**

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# Introduction

The caregiving responsibilities of employees are largely invisible to today's companies. Caregiving is usually viewed as a personal matter. Employees try to juggle work and home duties as best they can, often reluctant to involve their employer even if they're struggling.

This dynamic results in an employer quandary. On one hand, there's certainly something to be said for allowing and even encouraging people to keep their personal affairs private. On the other hand, managers increasingly understand that private troubles often lead to professional problems. Specifically, caregiving-related difficulties can result in major costs due to lost productivity, workday interruptions, absenteeism, worker turnover and replacement, low motivation and other factors.

This study tries to make the subject of caregiving more visible, showing how employers feel about the subject and the steps they're taking to deal with it.

## *About the Survey*

In Spring 2000, The Human Resource Institute (HRI) conducted a comprehensive survey in order to get employers' views about the extent to which caregiving duties are affecting their workforce. The survey was sent to over 1,200 organizations, and more than 150 firms responded. Most of these were large, U.S.-based global corporations. This survey – *Measuring the Impact of Caregiving Responsibilities in the Labor Force: Employer Perspective* – will be followed by another that focuses on the same topic from the perspective of employees.

## Chronic Health Conditions in the U.S.

One of the primary reasons that people find themselves in caregiving situations is that their loved ones suffer from chronic health conditions, a term that includes both chronic diseases and impairments. Chronic health conditions are a fact of life for nearly 99 million Americans, according to a study by the Robert Wood Johnson Foundation. Of those with chronic conditions, 41 million people are limited in their daily activities. Fully 12 million are unable to go to school, to work, or to live independently.

It's true that the elderly are more likely to have chronic conditions, but – contrary to stereotypes – only 26% of people with these conditions are age 65 or older. In fact, 1 in 4 children younger than 18 years old suffer from a chronic condition. Over a third of young adults ages 18-44 years and two thirds of middle-aged adults ages 45-64 years have at least one chronic condition. These data illustrate that caregiving responsibilities go well beyond eldercare and childcare duties. Nonetheless, providing care to the elderly is a trend that can't be ignored. After all, people over 85 years of age are the fastest-growing segment of the population, and it is estimated that half of them need some help with personal care.

# Who Are the Caregivers?

With so many people in need of care, it's no wonder there are millions of caregivers. According to one estimate based on the National Survey of Families and Households, there are 27.6 million family caregivers in the U.S. And this doesn't count the care of children with longer-term or chronic conditions. The National Family Caregivers Association (NFCA) reports that 26% of adults provide care to a family member and that an additional 23% expect to become caregivers in the future. That means about 58% of the adult population either are or expect to be family caregivers.

In the U.S. about 80% of caregiver services are provided by family caregivers. Most do not get consistent help from other family members. In fact, one study has shown that as many as 75% of caregivers are "going it alone." Moreover, the situation is likely to get worse in the future because the pool of family caregivers is dwindling. In 1990 there were 11 potential caregivers for each person needing care. In 2050 that ratio will be 4:1.

Caregiving is a burden inordinately borne by women in the U.S. One study, for example, showed that women represent three fourths of the people who provide care to those over the age of 50. Another survey, this one from the NFCA, found that adult women 50 years old and under are nine times more likely than their male counterparts to be caregivers. This survey defined caregivers as people who take care of their parents, spouses, siblings, friends, and/or special-needs children.

In many cases, caregivers are full-time workers. A 1999 survey by Family Partners revealed that nearly 14.4 million caregivers are working full time and yet are also responsible for providing the physical, financial and emotional support for a child with disabilities. Nearly two thirds of these caregivers reported that they had previously reduced their work hours or had to quit their jobs because of their children's need for care.

Judging from HRI's survey, most employers don't yet have an accurate picture of the number of caregivers in their workforces. In fact, 80% of the respondents either did not know or had to guess at the percentage of caregivers in their workforce. Only 20% of the respondents either had surveyed their workforce or gave HRI a percentage that was based on some other data (e.g., those who took advantage of employee assistance programs). However, even when they could give a percent, that figure ranged from 10% to 60% of their workforce. Clearly, the definition of caregiver varied from organization to organization.

## *Defining "Caregiver"*

The survey defined caregiver as "someone who is responsible for, and personally impacted by, the practical, physical, emotional, financial, social and medical needs or limitations of a chronically ill, disabled, elderly and/or frail family member or other loved one." This definition does not include traditional childcare duties.

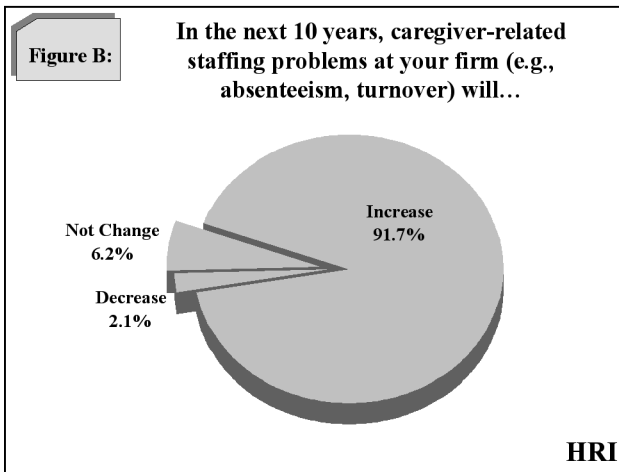
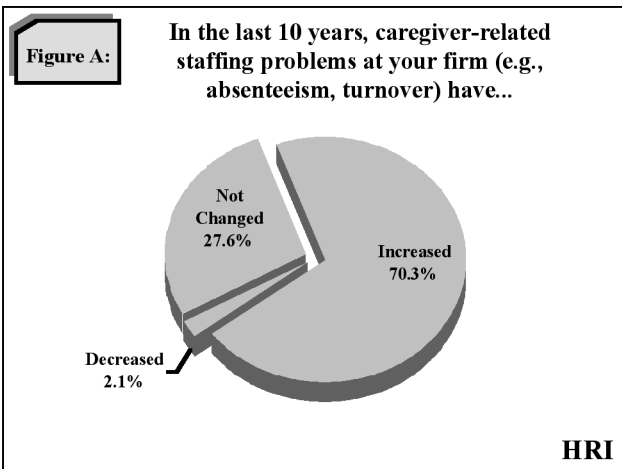
The survey also asked respondents to consider the following two questions when determining whether or not a person can be considered a caregiver:

- Does the person help someone else with everyday tasks that people normally perform on their own?
- Does the person spend time away from work or family activities because s/he is caring for someone else?

# The High Costs of Caregiving

Although few respondents knew the percentage of employees who are caregivers, there was a sense that caregiver staffing problems had grown over the last decade. About 70% of the respondents felt that caregiver-related staffing problems such as absenteeism and turnover have increased in the last ten years (Figure A). This impression is supported by data from the National Alliance for Caregiving and the American Association of Retired Persons. They report that the number of caregivers has tripled in a decade. This upward trend is expected to increase. Approximately 92% of HRI respondents believe that caregiver-related staffing problems will increase over the next ten years (Figure B). Based on the graying of the U.S. population, this increase seems likely, if not inevitable.

For organizations, the cost of caregiving may be significant, according to HRI's survey. Respondents were asked about the degree to which productivity is lost as a result of employee caregiver responsibilities. Nearly a quarter (24%) reported that productivity is lost to a high degree because companies are forced to replace employees who quit due to care-giver duties. Another



13% said productivity was lost to a moderate degree (Table 1).

About 60% of respondents said that productivity was lost to a high or moderate degree as a result of workday interruptions caused by caregiving. This includes factors such as making personal phone calls, leaving suddenly as a result of a caregiving crisis, and leaving work early or arriving late. Absenteeism was also seen as a problem by a significant number of respondents. Fifty-

six percent stated that productivity was lost to a high or moderate degree because of absenteeism linked to employee caregiver responsibilities. And 54% pointed to the need to arrange leaves of absence, job changes and reduced work schedules for employee caregivers. Even the time lost thinking about caregiving problems was considered a high to moderate productivity drain by 44% of respondents.

On a macro scale, the cost of caregiving runs into billions of dollars. The “Met Life Study of Employer Costs for Working Caregivers” estimates that U.S. businesses lose between \$11 billion and \$29 billion each year due to employees’ need to care for loved ones 50 years of age and older. The business costs associated with caring for people of all ages would, of course, be much higher.

Another study calculates that the worth of unpaid caregiving in the U.S. is \$196 billion a year – a figure that could also be viewed as the indirect cost of caregiving. Yet, even this high figure doesn’t include the toll that caregiving takes on physical and mental health. The authors of the study, conducted as part of the Families and Health Care Project, write, “Stress and exhaustion may lead to increased health care resources being devoted to the caregiver as well as to the patient and may exacerbate family destabilization and impoverishment.” As a case in point, a recent study conducted by the NFCA found that six out of ten people providing care for elderly parents suffer from depression.

**Table 1: Degree to Which Productivity Is Lost as a Result of Employee Caregiver Responsibilities**

Areas in Which Productivity Is Lost	Degree to Which Productivity Is Lost			
	High	Moderate	Low	Don't Know
Workday interruptions (phone calls, leaving suddenly, leaving early/late)	16.1%	44.3%	30.9%	8.7%
Absenteeism due to taking care-receiver to the physician and/or hospital, visiting facilities and arranging for other care	10.7	45.0	36.2	8.1
Managing leaves of absence, job changes and reduced work schedules for workers with caregiving responsibilities	10.7	43.6	40.9	4.7
Time lost thinking about caregiver responsibilities	7.4	36.9	24.2	31.5
Replacing workers who quit	24.2	13.4	47.0	15.4
Time lost due to arranging/providing coverage for absent or late workers	9.4	27.5	47.7	15.4
Greater use of mental health services due to greater stress and depression	4.0	23.5	45.0	27.5
Time spent counseling workers about their benefits or access to an EAP	1.3	20.1	68.5	10.1
Medical care for caregivers – a disproportionate amount of employee benefits such as healthcare coverage, counseling, and leave privileges	0.7	15.4	55.0	28.9

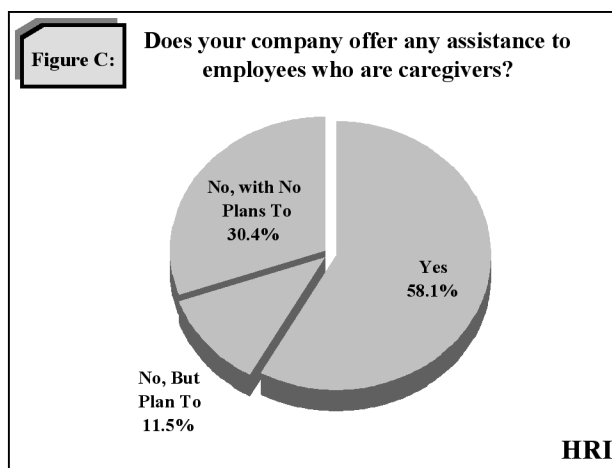
Other emotional and mental health costs should also be considered. They include:

- the sadness felt because someone will never achieve normal life functioning;
- the upheaval of changing family dynamics that occurs because life has been turned upside down;

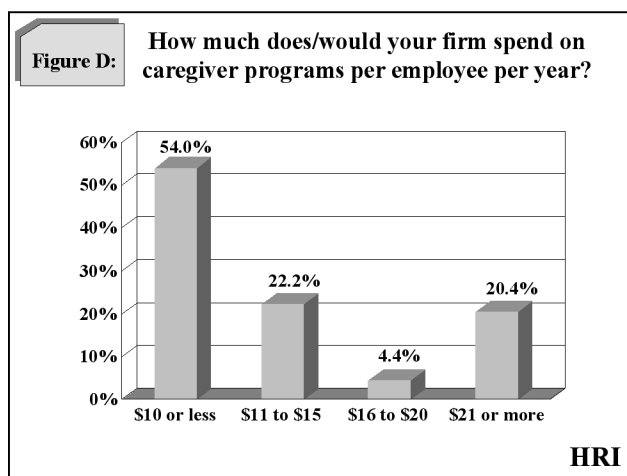
- the isolation that comes from living outside the norm, from having everyday activities of life – such as dressing, walking, toileting, breathing, and thinking clearly – become a major focus of life;
- the frustration felt due to a multitude of problems (one study conducted by the National Family Caregivers Association found that frustration was, far and away, the most commonly felt emotion of caregivers);
- the stress from not having enough leisure (the same NFCA study found that by far the most pressing need felt by caregivers was a lack of personal time).

## Employer Responses to Caregiver Needs

Given the rising number of caregiver-related staffing problems, it's no surprise that the majority of responding companies offer assistance to employee caregivers. About 58% reported that they offer some caregiver assistance and another 11.5% said they plan to do so. This leaves about 30% who say their firm neither provides assistance nor plans to provide it in the future (Figure C).



How much are employers willing to spend on such services? It's interesting to find quite a bit of variation here. One in five said they do or would spend \$21 or more per employee per year (Figure D). Another fifth (22.2%) said they do or would spend \$11 to \$15



per employee. Slightly over half of employers (54%) would, however, spend \$10 or less. Such disparities raise the question of whether some companies are being overly generous or overly frugal. It's possible that as the labor force ages and the need for such services become more acute, a clearer consensus on appropriate spending will arise.

As is often the case with healthcare spending, employees may be asked to shoulder some of the costs of caregiving services. In fact, a third of respondents said employees should share the cost of services,

and only 4% said they should not. The majority stated that it would depend on what services are provided (Figure E).

There is indeed a wide range of services that employers can offer. In Question 9 of the HRI survey, respondents were asked to rate the value of a variety of caregiver support

**Table 2: Perceived Value of Various Types of Caregiver Support in Terms of Increased Productivity and Morale and Decreased Absenteeism**

Types of Caregiver Support Services	Degree of Value			
	High	Moderate	Low	Don't Know
Resource and referral services	65.1%	29.5%	5.4%	0.0%
Flexible spending accounts or dependent-care accounts	59.7	30.2	5.4	4.7
Scheduling options such as flextime, compressed workweeks, and job sharing	65.8	23.5	8.7	2.0
An employee assistance program to help caregivers make decisions about their options	47.0	41.6	8.1	3.3
Long-term-care insurance coverage	33.6	40.9	15.4	10.1
Provision of links to support groups where caregivers can network	24.2	45.6	25.5	4.7
Onsite workshops or brown-bag sessions to help caregiving workers	21.5	47.0	29.5	2.0
A survey to confirm levels of employee interest and areas of need	22.1	45.6	26.2	6.1
Case management services to help employees assess caregiving situations	16.8	40.2	28.2	14.8
Assistance to employees in their efforts to arrange transportation for care-receivers	14.1	37.6	34.2	14.1
Reimburse or subsidize employee expenses for visiting nurses or emergency care	21.5	23.5	34.2	20.8
Onsite caregiver fairs featuring exhibits from area service providers and mini-tips sessions	13.4	30.2	48.3	8.1
Onsite counseling to help employees cope with, assess and make decisions	14.1	27.5	49.7	8.7
“Peace of mind” services, such as a caregiver pager program, to help caregivers monitor care-receivers’ needs from work	5.4	32.9	36.9	24.8
In-kind or cash contributions to support respite centers in the community	5.4	17.4	50.4	26.8

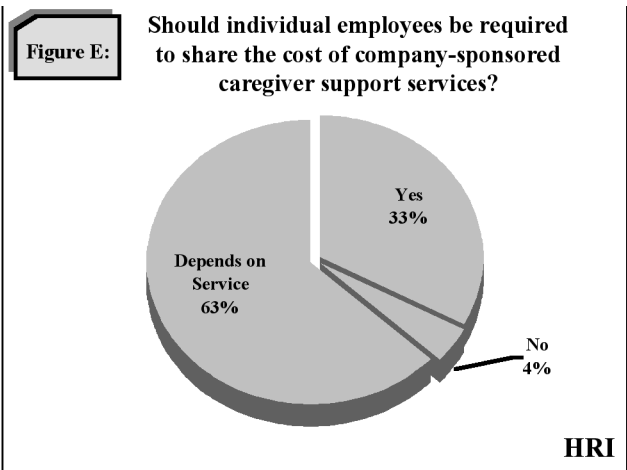
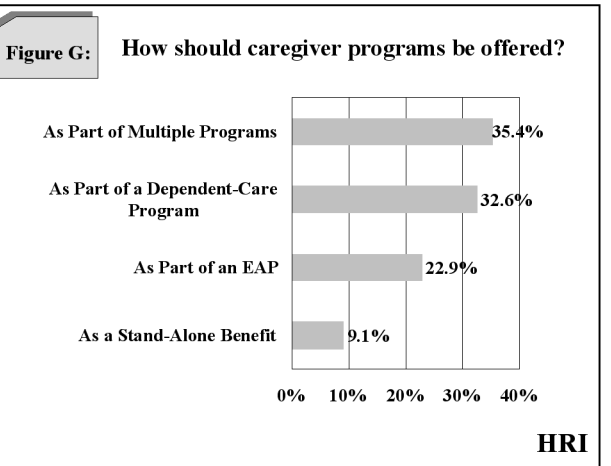
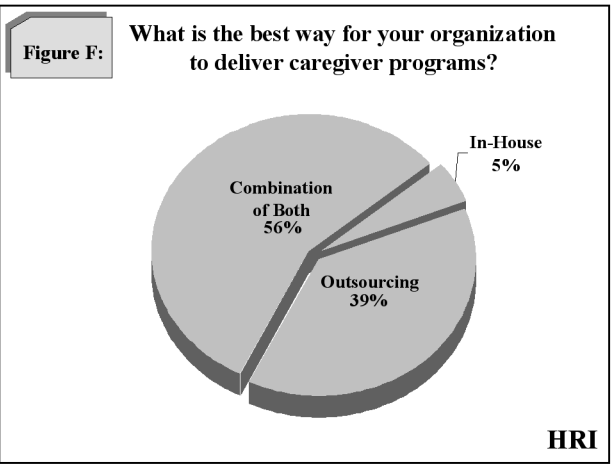
services in terms of how well they increase productivity and morale while reducing absenteeism (Table 2). Some services, such as resource and referral programs, were viewed as highly valuable while others, such as in-kind or cash contributions to support community respite centers, received relatively low ratings.

In addition to resource and referral services, which were ranked as highly or moderately valuable by 94.6% of respondents, there were three others that stand head and shoulders above other support service options: flexible spending accounts (89.9%), flexible scheduling options (89.3%) and employee assistance programs (88.6%). Long-term-care insurance was ranked fifth (74.5%) and could, especially if U.S. legislation encourages it, grow as a major work/life benefit in coming years. The next three most highly ranked services deal either with



providing useful information to caregivers (onsite workshops and links to support groups) or gathering more information from employees (surveys to investigate employees' interests and needs).

Although many respondents viewed these programs as valuable, very few felt their services should be delivered solely within the firm (5%). A substantial minority (39%) thought that caregiver service delivery should be entirely outsourced (Figure F).



The majority (56%), however, said that the best delivery method for caregiver programs is through a combination of in-house programs and outsourcing. Apparently, this is seen as the best compromise between effectiveness and cost efficiency.

Most respondents felt that caregiving assistance should be integrated into other programs and services, but there wasn't much agreement about exactly how this should be accomplished. Just 9.1% said caregiving programs should be offered as a stand-alone benefit. The most popular response (35.4%) was that caregiving assistance should be offered "as a part of multiple programs." Another 32.6% said it should be part of a dependent-care program, and a bit over a fifth (22.9%) said caregiving assistance should be part of an employee assistance program. Perhaps it's simply more efficient to outsource caregiver programs in conjunction with other benefit offerings (Figure G).

## Conclusion

Most respondents believe that caregiver-related staffing problems have increased over the last decade and that such problems will grow over the next ten years. Although over half of responding companies offer some assistance to caregivers, nearly a third don't and have no plan to. Perhaps top management at these firms doesn't feel that the potential advantages of providing caregiving assistance outweigh the potential costs. Potential advantages could include everything from increased employee retention rates to higher workplace productivity. On the other hand, potential costs could include not only the expense of implementing and maintaining caregiver programs but the potentially expensive sense of entitlement that such benefits may create among employees.

The fact that 30% of respondents don't plan to provide caregiving programs is probably linked to the fact that a considerable number of respondents do not believe that employee caregiving has a major impact on productivity. For example, even though 56% of respondents said caregiving has a high or moderate impact on absenteeism, 36% said the impact is low. Until these firms have more evidence that the costs are significant in their particular workforce, they may resist adopting new programs to address an issue as personal as caregiving obligations. Differing employer perceptions of potential costs and benefits may also help explain the lack of consensus about how much to pay for caregiver services.

The amount they're willing to spend is also probably linked to which support services are viewed as most valuable. For example, fewer than half of respondents saw high or moderate value in reimbursing or subsidizing employees' expenses for visiting nurses or emergency care. Instead, they saw more value in helping employees help themselves via information services, pretax payroll deductions and scheduling options. Another case in point: whereas 65% of respondents attached a high value to resource and referral programs, only 5% attached a high value to in-kind or cash contributions to community respite centers. In short, many organizations wish to help with caregiving but they're being cautious in their approach. Time will tell whether or not tomorrow's employers of choice are compelled to invest even more time, money and creativity in helping employees cope with caregiving duties.