

Relatively minor support can improve access to childcare and employment in Germany

March 8 2023



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Relatively minor support with the application process is enough to help families with lower educational attainment secure childcare. A new study shows that mothers subsequently pursue more working hours and



that the earnings gap between mothers and fathers becomes narrower. A causal link has now been demonstrated for the first time in the case of women with a relatively low school certificate who are particularly disadvantaged in the job market.

In Germany, relative to comparable countries, the birth of a child still has a greater long-term impact in terms of reduced working hours and lower earnings for women. For women with a lower school certificate, the gender gap in terms of time in the workforce is especially wide. It is also noticeable that less educated parents of children under three years of age are significantly less likely to utilize available childcare options.

"A major factor for this inequality is the complicated, decentralized and often non-transparent process for allocating childcare places. Parents with <u>higher education</u> have advantages in terms of the necessary knowledge and resources to successfully navigate the registration process," says Dr. Henning Hermes of the University of Düsseldorf, summing up the hypothesis of a research team with members from several institutions.

The researchers therefore investigated the question of whether access to childcare can be facilitated for families with lower educational attainment and whether this would benefit women in terms of working hours and earnings.

They initially surveyed more than 600 families with children below the age of one. Some of the parents then watched a four-minute information video about the entitlement to childcare, reduced fees for <u>low-income</u> <u>families</u> and the better chances of securing a place by applying early and to more than one childcare facility.

They were also offered individual assistance with the childcare application process. This was to be provided by specially trained



students, who would scrutinize information on childcare facilities and application processes, provide help with forms and remind parents of important deadlines. The families were surveyed again after half a year and one and a half years.

Significant increase in working time and earnings for mothers

An initial analysis published in 2021 showed: in families with lower educational attainment that received help with the application, the share of children enrolled in childcare was around two-thirds greater. At the same time, fathers spent more time caring for their children. The gap between maternal and paternal care hours was 30% smaller.

For mothers with a lower school certificate, the research team has now shown: due to the relief provided by childcare facilities, many mothers were able to return to their former jobs full-time or with substantial working hours. Mothers who received support with childcare registration were approximately 2.5 times more likely to work at least 30 hours per week and worked an average of five hours longer per week. The supported families were also 20% less likely to be "male breadwinner" households in which the father works full-time and the mother works part-time.

The working hours had a significant impact on the financial situations of these families. The earnings of mothers, that received help with the childcare application, were 22% higher and the household income was 10% higher. The earnings gap between fathers and mothers within the households was around one-third lower.

For families with higher educational attainment, support with the childcare registration process had no effect—either in childcare access



or maternal working time and earnings.

Only 1.5 hours of support needed

"Improved access to childcare leads to greater fairness—both between lower and higher educated families and between fathers and mothers within families. This is true both for the division of childcare responsibilities as well as working hours and earnings," says Prof. Dr. Philipp Lergetporer of the Technical University of Munich (TUM).

The study is the first randomized controlled trial (in which participants are randomly assigned to different groups) that shows that childcare access has an effect on labor market participation of mothers with relatively low educational attainment.

"This is also highly significant due to the fact that women with a lower school certificate already have lower workforce participation than those with a university entrance certificate before the birth of a child," says Marina Krauß of the University of Augsburg.

To achieve these goals, relatively little effort is required. The students provided the families with an average of just one and a half hours of support. "Support for families who find it hard to navigate the childcare system is therefore a simple tool that yields big results," says Dr. Frauke Peter of the German Center For Higher Education Research and Science Studies (DZHW).

"It would be even more useful, however, to greatly simplify the application processes and increase the number of available childcare places to the point where external support was no longer needed," says Prof. Dr. Simon Wiederhold of the Catholic University of Eichstätt-Ingolstadt (KU).



More information: Behavioral Barriers and the Socioeconomic Gap in Child Care Enrollment. CESifo Working Paper No. 9282/2021. www.cesifo.org/DocDL/cesifo1_wp9282.pdf

Early Child Care and Labor Supply of Lower-SES Mothers: A Randomized Controlled Trial. Munich Papers in Political Economy, Working Paper No. 07/2022 go.tum.de/089708

Provided by Technical University Munich

Citation: Relatively minor support can improve access to childcare and employment in Germany (2023, March 8) retrieved 19 April 2024 from https://phys.org/news/2023-03-minor-access-childcare-employment-germany.html

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