

# **Public childcare expansion and mothers' return to work behaviour – Evidence from a quasi- experiment in Germany**

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## **Keywords:**

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## **Abstract:**

Mobilising non-working mothers to participate in paid employment and to make further progress towards gender equality remains at the top of the political agenda in most OECD countries. Early childcare is considered to be a powerful instrument in promoting mothers' continuous employment. Consequently, the European Council set precise targets to increase maternal labour force participation by providing childcare services in all member states.

Since 2005, Germany has made immense public investments to meet the European childcare policy targets. However, the question remains: How does the recent expansion of public childcare facilities for under-three-year-olds affect mothers' employment interruption after childbirth and their return to work behaviour in Germany? This article aims at answering the question and to provide first quasi-experimental evidence on the employment effects of the childcare reform, starting in 2005. In line with economic and sociological theories, we expect that the reform decreases mothers' interruption durations and to facilitate returns to work with substantially more working hours.

We exploit large regional and temporal variation in childcare availability across districts along with East-West differences. By investigating the relationship of the expansion of childcare services and return behaviour of mothers separately for East and West Germany, we are able to examine whether different starting levels in formal childcare but also cultural norms may moderate any short-term policy effect. The analysis links the GSOEP and the FID

with annual administrative records on state subsidized childcare provision on district level and applies survival analysis with a difference-in-difference approach.

Our preliminary results suggest that the increase in public childcare services for under-three-year-olds is associated with shorter interruption durations after childbirth. Overall, the results point towards a significant influence of institutional factors, such as greater availability of less costly public childcare on the interruption duration of mothers, even after controlling for individual and household factor.