

Does it fit? Institutional Child Care Arrangements and Labour Market Integration of Women in Germany

In Germany, availability of public child care is still limited and lower than in several other European countries. Although in recent years there have been improvements, especially in the Western part of the country, institutional child care for children under three years of age is not available for the majority of children. Since child care is a prerequisite for maternal employment, it is also important for families' financial status and poverty risk.

In this paper, we analyse which pre-school children are visiting institutional care facilities in Germany and how this is related to employment status of their mother. For our analysis we use the first four waves of the panel study "Labour Market and Social Security".

Firstly, in context of labour supply and time allocation theory we estimate cross-sectional models for the probability of children to use an institutional care arrangement. As independent variables household composition and their mother's characteristics and employment status are included.

In line with theory we find that older children, children without siblings, with a highly educated mother and especially an employed mother are more likely to use institutional child care.

Secondly, since maternal employment and the use of institutional child care are correlated, we use the panel character of the data to identify child care and maternal employment patterns over time and relate them to each other.

In this analysis we find that child care and employment are not always entered simultaneously. Especially when the child reaches three years of age child care is used to a greater extent. Since maternal employment is not always following the start of institutional child care we can cast some doubt on theory which would suggest that institutional child care is only rational when it is accompanied by employment entry, since otherwise costs would not be justified.

Beside economically rational behaviour there might be other reasons for an institutional child care arrangement. Take up of institutional child care because of educational reasons, lacking labour demand for mothers and a mismatch between working hours and opening hours of care facilities can be among the reasons for these results.

On the other hand we also find maternal employment without usage of institutional child care. In these cases other arrangements for example caring by family or by close friends replace the institutional offer.

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