

ABSTRACT:

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Heterogeneous effects of child care on female self-employment

Public child care provision is expected to reconcile work and family life, particularly for women, who keep having a higher share of household production than men. In turn, compared to regular employment, self-employment simultaneously offers women a source of income, flexibility, and more agency in balancing work and family commitments. Thus, child care and self-employment might be seen as substitutes for some women when trying to alleviate work-life imbalances. While child care provision has shown to have positive effects on female labor force participation, it is not clear what the effect would be on self-employment alone. I use data from the German Socio-economic Panel (SOEP) and the Federal Statistical Office of Germany, and exploit a series of child care reforms implemented in the former West Germany to estimate the effects of child care provision on female self-employment and its potential heterogeneities. Using difference-in-differences and machine learning methods, I find that, although on average child care has no significant effect on the probability of women becoming self-employed, there are heterogeneities in the effect that are driven by education, net income, and personality traits.