

## Can Increased Childcare Availability Shrink the Gender Gap in Employment?



In Mexico, a grandmother's death, through its impact on childcare availability, reduces mothers' employment rate by 12 percentage points but does not affect fathers' employment rate. This equals half of the gender gap in the employment rate.



As grandmothers are a major source of childcare around the world, this paper uses the timing of grandmothers' death as variation in childcare availability and disentangles the effect of the grandmother's death through the childcare mechanism from alternative mechanisms.



The effect on mothers' employment is smaller in municipalities where public daycare is more available or private daycare is more affordable.

### CONTEXT

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The gender gap in the employment rate is a core issue in labor markets. This gap widens with parenthood, and childcare availability is potentially a key mechanism affecting employment rates differentially across genders. Around the world, grandmothers are a major source of childcare. They are the primary childcare providers in Mexico, caring for almost 40% of children up to six years old. Previous studies show that the availability of grandmother-provided childcare and mothers' employment is positively correlated. However, because parents make childcare and employment decisions simultaneously, we need plausibly exogenous variation in childcare availability to estimate a causal relationship.

### PROJECT

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After building a panel of three-generation households from 2005 to 2020, this paper uses the timing of grandmothers' death as plausible exogenous variation to estimate the causal relationship between grandmother-provided childcare and parents' employment. The effect through the childcare mechanisms is then disentangled from alternative mechanisms, such as values, gender roles, macroeconomic conditions, or grandmothers' inheritance using three comparisons. These three comparisons are i) mothers who suffered the loss and those who did not, ii) mothers' employment status before and after the death, and iii) mothers whose oldest child is eligible to attend elementary school and those with younger children.

## RESULTS

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Grandmothers' deaths, through their impact on childcare, reduce mothers' employment rate by 12 percentage points (27 percent). This effect is persistent for at least four quarters after the death. Moreover, consistent with a lack of flexibility in the labor market, there is no evidence of full-time employed mothers transitioning to part-time jobs; they instead become unemployed. Mothers' probability of being employed full-time and part-time declines by 25% and 40%, respectively, after the grandmother's death. Mothers' income and hours worked likewise decreased by 53% and 30%, respectively, driven mainly by a reduction in employment rate.

Consistent with mothers having a more significant share of the responsibility for childcare provision, the negative effect of the grandmother's death on the employment rate is 14.7 percentage points larger for mothers than fathers. This magnitude is half of the gender gap in employment in Mexico. This inequality in childcare provision across gender occurs for both parents and grandparents, as grandfathers rarely provide childcare. Hence, there is no adverse effect of their death on mothers' and fathers' employment rates through the childcare mechanism.

Extrapolating the findings from three-generation households to all households, the average effect of grandmothers' deaths on women's employment rate in Mexico ranges between 1.8 and 5.3 percentage points (4.6% and 13.5%).

Across Mexican municipalities, the negative effect of the grandmother's death on mothers' employment is nine percentage points smaller if public daycare is one standard deviation more available, eight percentage points smaller if private daycare is one standard deviation cheaper, and nine percentage points smaller if private schools are one standard deviation cheaper. These findings are consistent with households substituting grandmother-provided childcare with public and private alternatives when public alternatives are more available or when private ones are more affordable.

## POLICY IMPLICATIONS

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Decision-makers can more efficiently guide policy to reduce the gender gap when they understand the role of each motherhood-related mechanism affecting parental employment. These findings suggest that differences across genders in dimensions that remain unchanged with grandmothers' deaths, such as preferences, education, experience, or gender roles, cannot fully explain the gender gap in employment. The evidence suggests that the main driver of the gender gap and the motherhood penalty in labor force participation in Mexico is the combination of the lack of childcare availability and gender-asymmetric responsibility for childcare provision.

The magnitude of the adverse effects on mothers' employment highlights that childcare availability is a key mechanism in the formation and persistence of the gender gap in the labor market, accounting for more than half of the entire motherhood penalty and the gender gap in employment in Mexico. Moreover, the adverse effects on mothers are smaller in municipalities where childcare is more affordable or available, suggesting that childcare policies may have significant potential for reducing the gender gap.

### Key Concept



### GENDER GAP

The difference between women and men as reflected in social, political, intellectual, cultural, or economic attainments or attitudes.

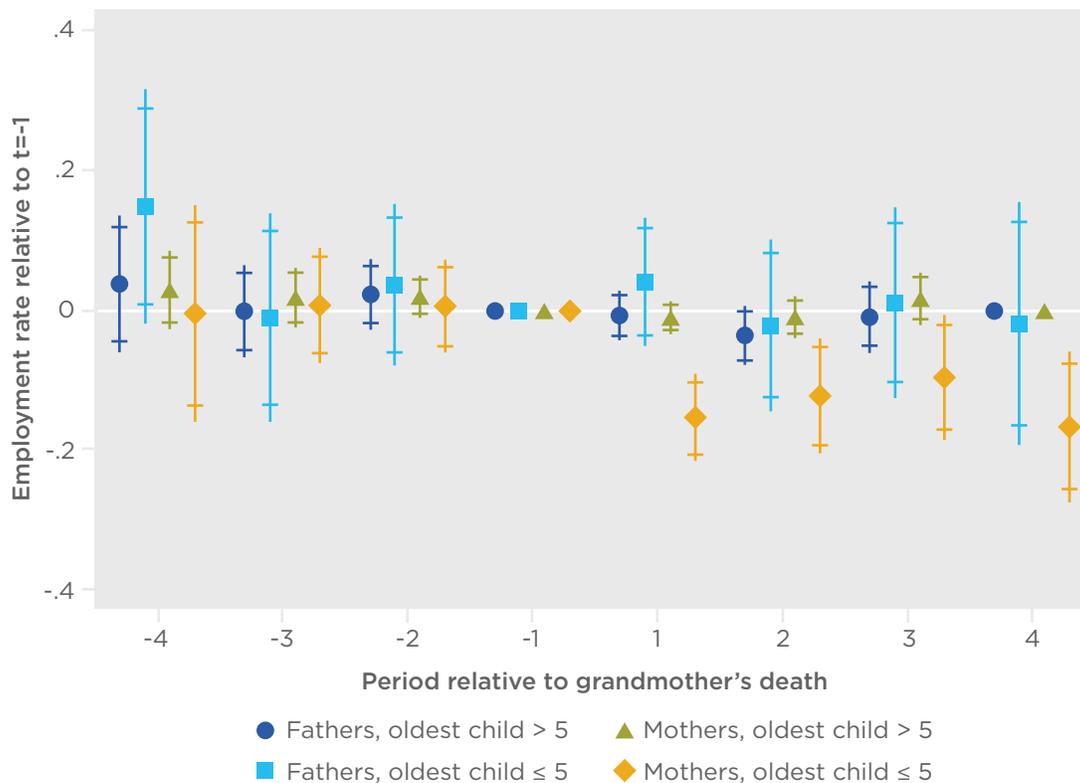
### Key Concept



### MOTHERHOOD PENALTY

The systematic disadvantages women encounter once they become mothers.

**Figure 1. Grandmothers' Death and Parental Labor Force Participation by Oldest Child's Eligibility to Attend Elementary School**



Note: The graph displays the grandmother's death's effect on mothers' and fathers' employment rates by the age of the oldest child in the household.



**FULL STUDY**

Talamas Marcos, Miguel Ángel. 2022. "Grandmothers and the Gender Gap in the Mexican Labor Market."

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