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# Opening the market for child care in Germany?

**Insights into ongoing empirical research „A new generation of child care providers“ (Geiger/Otremba/Riedel)**

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Old-age care – the forerunner?

Childcare – following a similar path?

# Questions



1. Who are the new welfare agents?
2. How are they integrated into established structures of welfare production and cooperation?
3. Which implications for quality can be observed or expected?

# Overview

1. Theoretical considerations
2. Research design
3. First empirical results
4. Preliminary conclusions

# 1. Theoretical considerations

# Neocorporatist Tradition: Where we come from

- Germany as conservative welfare state, with strong tradition of corporatist welfare production and governance
- Rooted in local level welfare and transferred to the national level
- Institutionalized through subsidiarity principle guaranteeing priority and privileges to nonprofit providers
- Child and youth welfare sector is paradigmatic for neocorporatist arrangement
- But: Played out differently at the local level; particularly in cities plurality of nonprofit childcare providers, e.g. parent initiatives

# The Social Investive Turn

- Paradigmatic shift from social transfers to investment in human capital
- Expansion of U3 services across Europe as main social investment strategy
- Legislative reforms in childcare in Germany: Tagesbetreuungsausbaugesetz (2005), Kinderförderungsgesetz (2008)
- In terms of governance up-scaling in welfare governance from decentralized approach to multi-level-governance, and shift from „closed“ to a more liberal „market“
- Loss of privileges of established welfare organisations & entry of new providers
- Strengthening of early education and childcare services as public good

# What Statistics Show

- Between 2006 and 2020 the number of children 0-3 in public childcare increased from 288.000 to 830.000
- Every third new childcare place since 2006 was created by a private provider beyond the big Free Welfare Associations (non-profit 26,0%; for-profit 7,2%)
- While the expansion of the kindergarten in the 1990s was mainly carried forward in corporatist partnership of local authorities and established welfare organisations, the expansion of „U3 services“ relies on many (new) players
- There is big variety on the local level with regard to welfare mixes.



## 2. Research Design

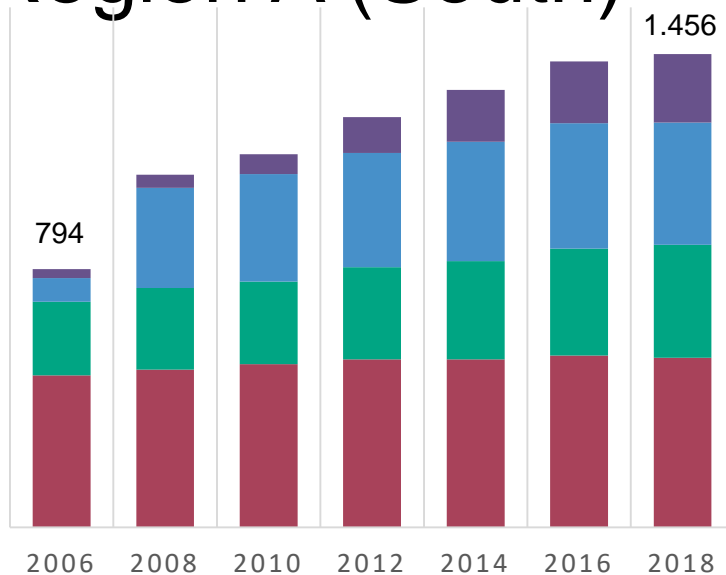
## Targeted regions:

- Three cities (North, South, East Germany) with a significant growth in child care places by „new“ providers

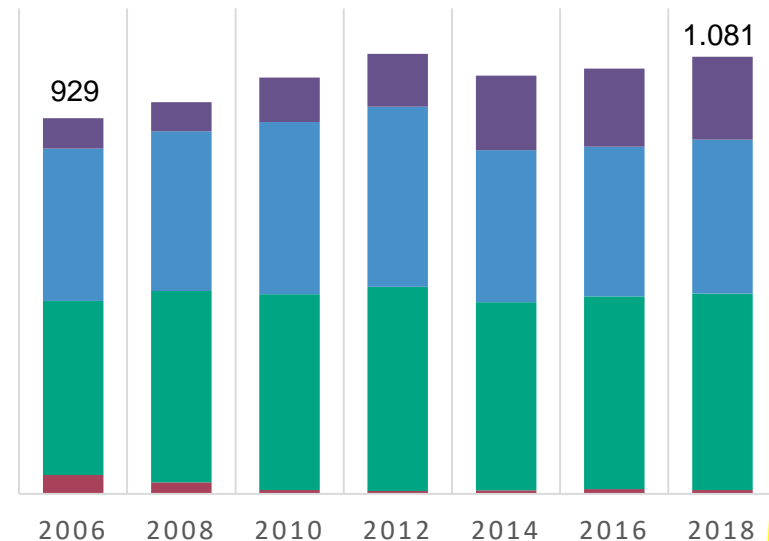
	Region A (South)	Region B (North)	Region C (East)
<b>Dynamics of expansion</b>	<ul style="list-style-type: none"> <li>• high</li> </ul>	<ul style="list-style-type: none"> <li>• medium</li> </ul>	<ul style="list-style-type: none"> <li>• low</li> </ul>
<b>Expansion strategy</b>	<ul style="list-style-type: none"> <li>• Competitive bidding for new childcare facilities (rent-free)</li> <li>• Guidance for start-ups</li> <li>• Central planning</li> </ul>	<ul style="list-style-type: none"> <li>• Introduction of childcare vouchers</li> <li>• Competition instead of central planning</li> </ul>	<ul style="list-style-type: none"> <li>• For-profit providers not eligible for subsidies</li> <li>• Outsourcing of public services to non-profit providers</li> <li>• Central planning</li> </ul>
<b>Expansive sector(s)</b>	<ul style="list-style-type: none"> <li>• “New” non-profit providers</li> <li>• For-profit providers</li> <li>• Free Welfare Associations</li> </ul>	<ul style="list-style-type: none"> <li>• For-profit providers</li> </ul>	<ul style="list-style-type: none"> <li>• Non-profit providers beyond Free Welfare Associations</li> </ul>

# Childcare services by Type of Provider (2006-18)

## Region A (South)



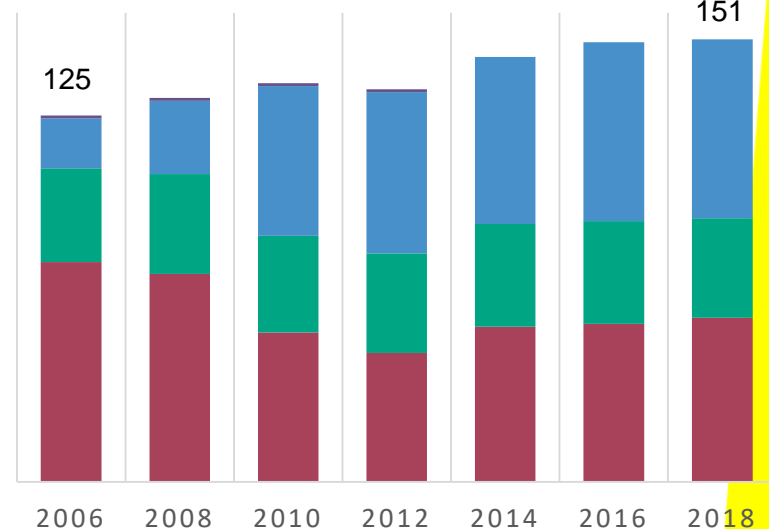
## Region B (North)



- For-profit Provider
- Other Non-profit Provider
- Free Welfare Associations/Member Organisation
- Public Provider

Source: Child and Youth Welfare Statistics, various years

## Region C (East)



# Working definition of „new“ providers

- Newly established or expanded in the field of childcare after 2000
- Not affiliated to the six German Free Welfare Associations (Caritas, Diakonie, Arbeiterwohlfahrt, DPWV, Rotes Kreuz, Zentralwohlfahrtsstelle der Juden)
- Including non-profit and for-profit providers

- **Qualitative research data** (Interviews with selected experts)

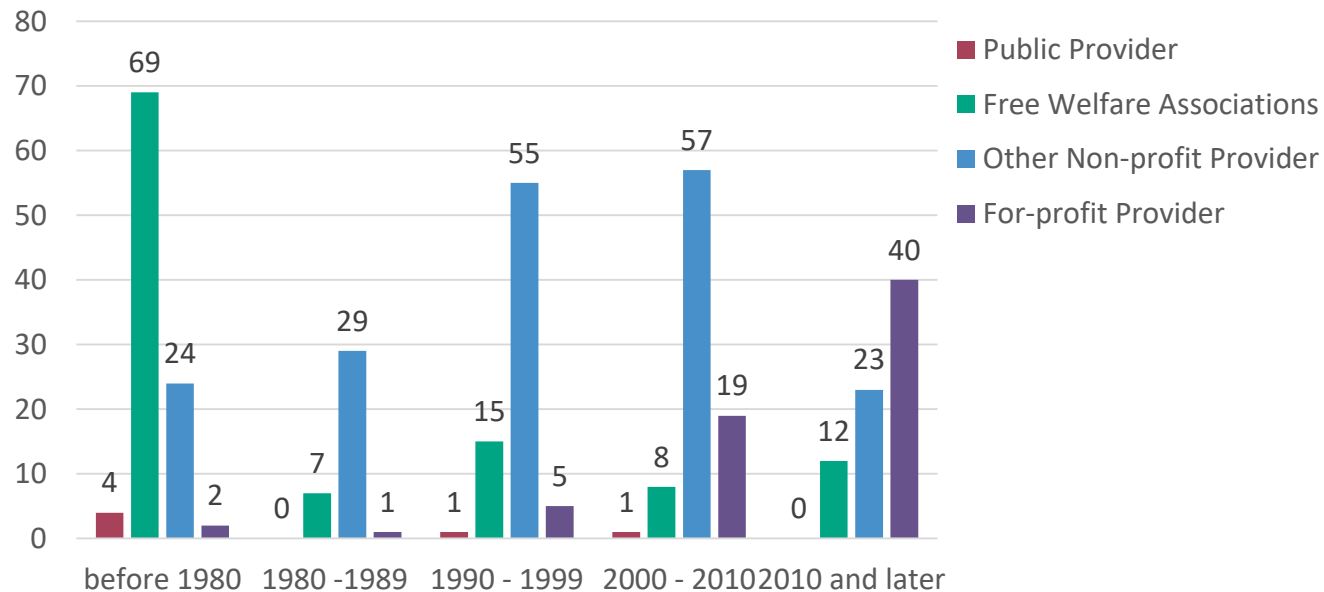
Region	Interviews			
	New Provider	Traditional Provider	Association of providers	Youth Welfare Office
A	5	2	2	1
B	3	2	3	1
C	7	2	X	1

- **Quantitative research data** (Complete postal survey among child care providers in the targeted regions)

Region	Target Population	Eligible cases	Completed questionnaires	Response rate (%)
A	530	506	202	40
B	510	505	149	33
C	30	30	19	63
Total	1.070	1.041	370	36

# Sample Description: Whom did we reach?

Type of Provider by Date of Foundation  
(abs.)



Source: GEN-T 2020 (n=362)

# Sample Description

- 73% of all providers are active only in the field of childcare services. Among For-profit providers 93%, while Free Welfare Associations often have a broader portfolio of services
- 66% of providers operate 1 childcare service; only 8 % operate 10 or more childcare services
- Overwhelmingly locally/regionally organized (Region A: 93%, Region B: 95%, Region C: 84% with a noteworthy share of providers operating in several Eastern Länder).
- Only 4 providers in our sample operate internationally, 4 providers are spin-offs of international enterprises or have been bought in

# 3. Empirical Results: Profiling New Providers

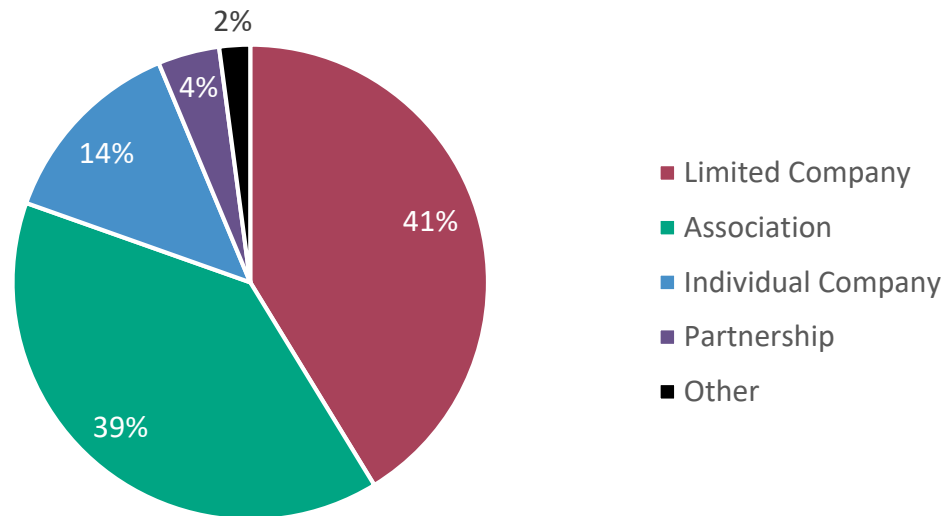


# All same, all different, all hybrid?

- Studying Social Entrepreneurship: Organisational structure and style-of-action (Grohs/Schneiders/Heinze 2015)
- Dimensions of hybridity: Organisational Form, Aims and Governance, Resources, Organisational Culture, Identity (Evers 2017)

# 1. Legal status: empty signifier?

New providers by legal form (in %)

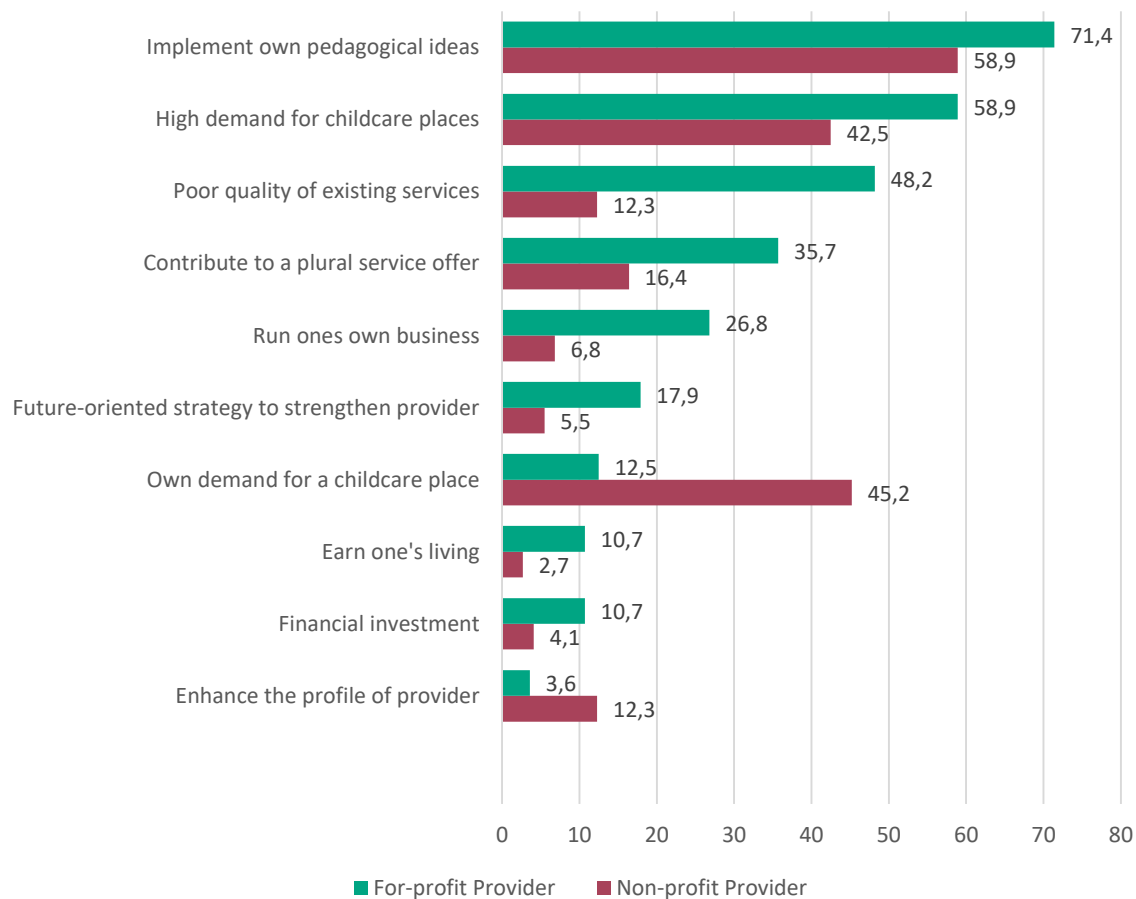


Source: GEN-T Survey 2020 (n=143)

## 2. Founders and their Motivations

- **Individual person (43%), thereof (multiple answers)**
  - Educators (36%)
  - Commercial training (21%)
  - Other (57%)
- **More than one persons (49%), thereof (multiple answers)**
  - Parents (54%)
  - Several educators (13%)
  - Parents and educators (9%)
  - Persons with other professional background (29%)
- **Organisations (9%)**

# Motivation to Engage in Childcare Provision by Type of Provider (in %, multiple answers)



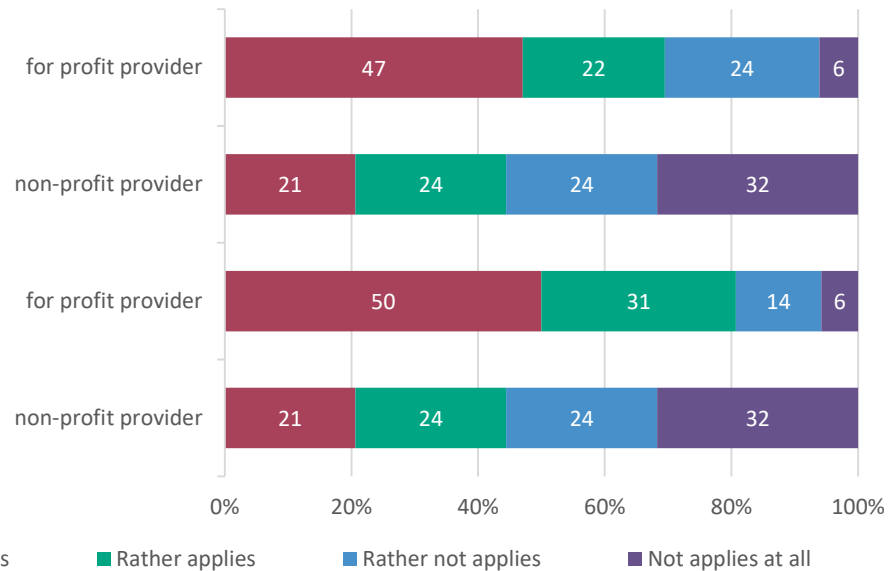
Source: GEN-T Survey 2020 (n=140)

### 3. Membership in Umbrella Associations

- 59% of new providers are organized in umbrella associations.
- Among non-profit providers the percentage is higher (66%) than among for-profit providers (53%).
- Local/regional associations have a predominant role
- New associations have been established, mainly target for-profit providers.
- In Region B partnership between the local Youth office and local umbrella associations (e.g., start-up consultancy, office recommends membership).

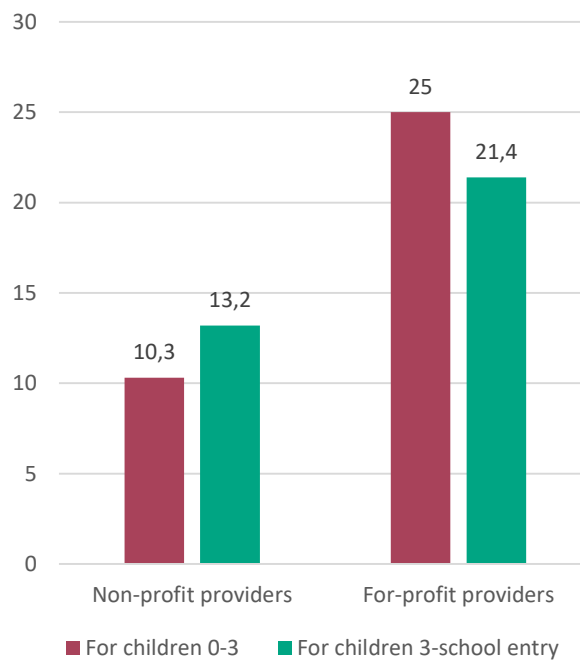
# 4. Competitive Orientation

Provider tries to stand out  
 with his services.



Source: GEN-T Survey 2020 (n=129)

## New Providers which Plan an Expansion of Services within the Next 5 Years (by Type of Provider, in %)



Source: GEN-T Survey 2020 (n=129)

# 5. Integration into Local Structures of Child and Youth Welfare

	Region A (South)	Region B (North)	Region C (East)
<b>Quality Development</b>	<ul style="list-style-type: none"> <li>Local add-on subsidies as incentive to comply with municipal standards</li> <li>Alliance for quality</li> </ul>	<ul style="list-style-type: none"> <li>Quality through competition</li> <li>Quality monitoring system</li> <li>Extra-Funding of Providers organisations</li> </ul>	<ul style="list-style-type: none"> <li>„Quality management by rumour“</li> <li>Bilateral agreements with providers on funding conditions (including possibility for special profile)</li> </ul>
<b>Cooperation &amp; Governance</b>	<ul style="list-style-type: none"> <li>Split System: Exclusion of new providers from bodies with decisive power, but inclusion in working groups on quality development</li> </ul>	<ul style="list-style-type: none"> <li>New cooperative system in which all providers participate on equal footing. Principle of unanimity in relevant matters</li> </ul>	<ul style="list-style-type: none"> <li>Bilateral agreements, weak representation structure</li> </ul>



# Preliminary Conclusions

# What can be concluded

- Policy reforms have triggered ECEC expansion and opened the childcare field for greater pluralism, but not necessarily/ only marginally for more market coordination.
- Childcare policies under the social investment strategy seem characterized by ambiguity and tension between promoting the free development of plural markets and strengthening childcare as a public good (high regulation, public responsibility, equal access and quality for all children).

- With regard to new providers no coherent trend, rather diverse positioning of new childcare providers.
- Results emphasize the hybrid character of the field. New providers often lack unambiguity in their orientation, straddle the borders between non-profit and for-profit organizational forms, combine social objectives with motives of personal fulfillment and material existence

- Local institutional arrangements, paths and cultures are of overriding importance for the ways local governments and authorities deal with the new players and adjust modes of local cooperation and government.
- While on the national level corporatist arrangement remains in place, on the local level traditional structures of welfare production are blurred, new kinds of arrangements developing.
- Trends: While economic aspects play a role, results suggest more complex developments than a mere marketization.

# Literature:

Evers, Adalbert (2017): Hybridisierung und Modernisierung der Sozialwirtschaft. In: Grunwald, Klaus, Langer, Andreas (Hg.): Handbuch der Sozialwirtschaft. Baden-Baden: Nomos, S. 890–902.

Grohs, Stephan; Schneiders, Katrin; Heinze, Rolf G. (2015): Social Entrepreneurship Versus Intrapreneurship in the German Social Welfare State. In: *Nonprofit and Voluntary Sector Quarterly* 44 (1), S. 163–180. DOI: 10.1177/0899764013501234.

Klinkhammer, Nicole/Riedel, Birgit (2018): An incomplete revolution? Changes and challenges within German early childhood education and care policy. In: Miller, Linda/Cameron, Claire/Dalli, Carmen/Barbour, Nancy (Hg.): *The SAGE Handbook of Early Childhood Policy*. London, Thousand Oaks, California: Sage Publications, S. 49–70.

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Thank you & looking forward to  
Comments,  
Questions,  
Suggestions.

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