

Moving the needle on employer-supported childcare: from business case research to action

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In both developed and developing countries, new parents facing the challenge of accessing reliable and quality childcare often have to make a difficult decision – whether to stay in the workforce or prioritise looking after their children themselves. The International Finance Corporation’s Tackling Childcare business case research (IFC, 2017) shows that companies can be an essential partner in addressing this challenge, as part of a potential quadruple win-win value proposition: ‘good for children’, ‘good for parents’, ‘good for employers’ and ‘good for economies’. But how do we move the needle on employer-supported childcare in a meaningful way?

Business drivers vary. Examples include the following:

- Banks want to retain highly skilled employees who often have built up excellent customer relationships over many years. Childcare policies contributed to more than halving the turnover rate for women at the Bank of Tokyo–Mitsubishi UFJ in Japan, from 6% in 2007 to 2.4% in 2016, saving an estimated USD 45 million in recruitment and replacement costs.
- Manufacturers want their employees to show up on time and not make production errors because they are worried about their children. On-site childcare at apparel producer MAS KREEDA in Jordan helped stabilise production lines, reduced absences due to sick leave by 9% in a few months, and boosted the company’s relationships with international buyers and its reputation as an ‘employer of choice’ for local women. The factory’s CEO said the crèche, initially perceived as a ‘cost centre’, turned out to be a profit centre.
- Technology firms want to avoid employees falling behind with fast-changing know-how by dropping out of the workforce for extended periods. Mindtree¹, an information technology company in India, offered an on-site childcare centre, back-up childcare and financial support to parents working night shifts – and steadily increased the proportion of women among new recruits from 26% to 31% in two years. One father said: ‘I was offered a salary from another company that was 30% higher, but declined the offer, as I wanted to stay at Mindtree, where I could visit my young son two or three times a day in the on-site crèche.’

¹ For further information visit IFC’s 2017 Creating Markets video ‘How Mindtree retains its workers who go on maternity leave’ at: <https://www.youtube.com/watch?v=ZonpyxaZUWE> (accessed March 2018).

Employers are legally required to support early childcare in 11 out of 50 economies examined by the World Bank Group’s Women, Business and the Law programme: Brazil, Chile, Ecuador, India, Iraq, Japan, Jordan, the Netherlands, Turkey, Ukraine, and Vietnam (World Bank, 2017). In India, the Maternity Benefit Amendment Act (2017) recently required companies with over 50 employees to



△ Photo: IFC India

provide workplace access to a crèche facility. Companies are now looking for advice on how to choose the best childcare strategy for their business needs, and IFC has partnered with a childcare provider and others to conduct a survey to better understand the challenges and opportunities employers face and inform strategies for financing and implementing quality childcare provision.

We know that leading companies offer childcare solutions for their employees when they understand the benefits, including the business case for being in compliance. The critical measure of success will be whether the private sector – in partnership with government – can deliver childcare solutions that are affordable, safe, reliable and accessible to all parents, including those in the informal economy.

Reference

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