



# Tackling Childcare

**THE BUSINESS CASE FOR  
EMPLOYER-SUPPORTED CHILDCARE**

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## Abbreviations and Acronyms

<b>B2B</b>	Business-to-business
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>CGI</b>	Clinton Global Initiative
<b>CSO</b>	Civil society organization
<b>CSR</b>	Corporate social responsibility
<b>D&amp;I</b>	Diversity and inclusion
<b>DGB</b>	Trade Union Federation (Germany)
<b>ECE</b>	Early childhood education
<b>ELN</b>	Early Life Nutrition (Danone)
<b>EU</b>	European Union
<b>FY</b>	Fiscal year or financial year
<b>GDP</b>	Gross domestic product
<b>HO</b>	Head office
<b>HQ</b>	Headquarters
<b>HRM</b>	Human resource management
<b>HUL</b>	Hindustan Unilever Limited
<b>IFC</b>	International Finance Corporation
<b>IHK</b>	Chamber of Trade and Industry (Germany)
<b>ILO</b>	International Labour Organization
<b>IT</b>	Information technology
<b>IWPR</b>	Institute for Women's Policy Research
<b>KPI</b>	Key performance indicator
<b>MENA</b>	Middle East and North Africa
<b>MoFSP</b>	Ministry of Families and Social Policy (Turkey)
<b>MoSIT</b>	Ministry of Science, Industry, and Technology (Turkey)
<b>NASSCOM</b>	National Association of Software and Services Companies (India)
<b>NGO</b>	Nongovernmental organization
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OHS</b>	Occupational health and safety
<b>OIZ</b>	Organized industrial zone
<b>PPP</b>	Public-private partnership
<b>PwC</b>	PricewaterhouseCoopers
<b>QIZ</b>	Qualified industrial zone
<b>RFP</b>	Request for proposal
<b>ROI</b>	Return on investment
<b>SMEs</b>	Small and medium enterprises
<b>SROI</b>	Social return on investment
<b>STEM</b>	Science, technology, engineering, and mathematics
<b>TLC</b>	The Little Company (India)
<b>UK</b>	United Kingdom
<b>UN</b>	United Nations
<b>UN Women</b>	The United Nations Entity for Gender Equality and the Empowerment of Women
<b>UNICEF</b>	The United Nations Children's Fund
<b>WBG</b>	World Bank Group
<b>WBL</b>	Women, Business and the Law (World Bank Group)
<b>WEF</b>	World Economic Forum
<b>WEPs</b>	Women's Empowerment Principles
<b>YKROK</b>	Your Kids Are Our Kids (India)

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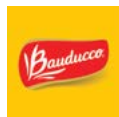
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## IN COLLABORATION WITH



# Foreword

No country, community, or economy can achieve its potential or meet the challenges of the 21st century without the full and equal participation of women and men, girls and boys—a fact that is reflected in the Sustainable Development Goals. Reliable, affordable, and good-quality childcare is essential for making progress. Yet today, in many parts of the world, working parents face several challenges in accessing decent childcare. The lack of access not only affects early childhood development but also hurts businesses and economies that depend on acquiring and retaining a skilled workforce.



Inadequate childcare also contributes to falling female labor force participation rates, as globally women spend three times as many hours in unpaid care work as men. Childcare, however, is not a women's issue alone. All working parents, women and men, usually need childcare options to retain or get new jobs, with benefits accruing to communities, businesses, and economies.

Along with governments, the private sector, which provides about 90 percent of jobs in developing countries, is well-positioned to be an essential partner for addressing the global childcare challenge. Still, employers do not always understand the business case for investments in childcare and often look at it from a compliance or corporate social responsibility perspective. Even when companies are convinced of the business case for employer-supported childcare, they may have difficulties defining what works best for their companies and employees, and how to get there.

This report, *Tackling Childcare: The Business Case for Employer-Supported Childcare*, highlights innovative approaches that companies across sectors and regions have taken to better meet their employees' childcare needs. Featuring 10 case studies, the report shows how companies can choose from a range of childcare options, from on-site crèches to partnerships with governments and local childcare providers. As a result, companies can better attract and retain qualified staff—helping boost employee productivity and strengthening the bottom line.

Our aim is that this publication will reach hundreds of businesses that can learn from our partners' experience and replicate solutions. It is also a call to action, encouraging all stakeholders to invest in childcare and support the infrastructure necessary for high-quality childcare providers to expand and meet the growing demand for childcare.

On behalf of IFC, I would like to thank the companies that participated in the IFC-led Tackling Childcare Initiative and generously shared their data and good practices in the case studies. We are aware that documenting the business case for employer-supported childcare is just one aspect of tackling the global childcare challenge. We all can do more.

At IFC, we are committed to achieving this goal by applying the knowledge gained with our private sector clients and strengthening our partnerships with the public sector, as outlined in our World Bank Group Gender Equality Strategy and IFC's vision focused on creating markets, particularly in fragile, conflict-affected, and low-income countries. Only through partnerships with the public and private sectors as well as civil society will we be able to better support parents' access to affordable, reliable, and good-quality childcare. Success will score a triple win for all: employees and their children, businesses, and economies.

A handwritten signature in black ink, reading "N. Stoilkovic".

**Nena Stoilkovic**

Vice President – Blended Finance and Partnerships  
International Finance Corporation



PHOTO: DOMINIC CHAVEZ/INTERNATIONAL FINANCE CORPORATION



# Executive Summary

## THE DEVELOPMENT CASE FOR EMPLOYER-SUPPORTED CHILDCARE

Almost one in 10 of the world's population, 679 million, are children younger than five years old. To thrive and develop, these children and their older siblings need care. Yet in many parts of the world, childcare remains scarce. Globally, just over half of the children under age five benefit from a preschool program. Formal childcare is often outside the reach of low- and middle-income employees. For those who can afford it, available options are often limited and poorly aligned with full-time working hours. Access to care is particularly lacking for children younger than three.

For employers, the lack of good quality and affordable childcare for their employees can translate into higher turnover and absenteeism, lower productivity, and difficulty recruiting skilled employees. This is because the unavailability or unaffordability of care affects the choices that parents make regarding the type of work that they do, whether they stay at home, or how they combine work with care. For families, gaps in access to quality care can mean less paid working time and lower household incomes.

Because women are more likely than men to bear childcare responsibilities, lack of childcare is a major barrier to women's full and equal participation in paid work. According to the International Labour Organization, globally, women's labor force participation rate is just over 49 percent, nearly 27 percentage points lower than the rate for men. A McKinsey Global Institute study estimated that closing gender gaps in economic participation would increase global gross domestic product (GDP) by 26 percent by 2025, adding \$12 trillion. Evidence from the Caribbean, Latin America, and Organisation for Economic Co-operation and Development (OECD) countries suggests that access to subsidized childcare can have a significant positive impact on women's employment rates and the number of hours that women work.

Policymakers internationally are recognizing the importance of access to childcare for both economic and gender equality. To date, 192 nations have signed the Global Goals for Sustainable Development, which include the target, "By 2030, ensure that all girls and boys have access to quality early childhood development, care and preprimary education so that they are ready for primary education." In countries such as Brazil, Chile, Ecuador, India, Japan, Jordan, and Turkey, statutes require employers to provide or support childcare. Even when not driven by regulatory compliance, many employers are providing childcare supports as part of their general compensation strategy to achieve better business outcomes. Yet there is a lot more that can be done through partnerships and collaboration between the public and private sectors and civil society organizations.

For the International Finance Corporation (IFC), a member of the World Bank Group and the largest global development institution focused exclusively on the private sector in developing countries, improving access to childcare goes hand in hand with fostering workplace gender diversity and helping parents enter and advance in the workforce while enabling companies to strengthen their bottom line. IFC's focus on removing barriers, such as lack of childcare, to women's (and men's) access to more and better jobs is embedded in the World Bank Group's Gender Strategy and IFC's vision focused on creating markets, particularly in fragile, conflict-affected, and low-income countries. In countries where employer-supported childcare is mandatory, IFC is working with its clients to substantiate the business case and to help them go beyond compliance and implement childcare strategies best suited to their business needs, thus resulting in better business results.

## WHO: THE 10 TACKLING CHILDCARE CASE STUDIES

This report shows that employer-supported childcare can yield substantial business benefits for employers across national, regulatory, and sector contexts. To substantiate the business case, the report draws on 10 case studies of employers who provide their workers with childcare-related benefits in a variety of ways. The companies are located in different parts of the world—seven are in emerging economies, three are in developed economies—and represent a cross-section of regulatory contexts and industries, some with predominantly female workforces and others in sectors where women are the minority of the workforce. These 10 companies are:

- **Afrifresh**, agribusiness, South Africa
- **Akamai**, information technology, United States of America
- **Borusan**, industry/heavy manufacturing, Turkey
- **The Bank of Tokyo-Mitsubishi UFJ, Ltd.**, financial services, Japan
- **Martur**, automotive component manufacturing, Turkey
- **MAS Kreedat Al Safi-Madaba**, garment manufacturing, Jordan
- **Mindtree**, information technology, India
- **Pandurata Alimentos Ltda. (Bauducco)**, food manufacturing, Brazil
- **Safaricom**, telecommunications, Kenya
- **Schön Klinik**, healthcare, Germany

The selection of companies reflects IFC's network, the availability of companies to participate within the Tackling Childcare Project's timeframe, and their willingness to share data to assess the impact of childcare supports on their key performance indicators and to reflect on lessons learned.

**The Bank of Tokyo-Mitsubishi UFJ, Ltd.**, **Martur**, and **Pandurata Alimentos Ltda. (Bauducco)** are IFC investment clients, and **MAS Kreedat Al Safi-Madaba** (a factory of IFC investment client MAS Holdings) is a participant in the ILO/IFC Better Work Program in Jordan.

## WHY: THE BUSINESS CASE FOR EMPLOYER-SUPPORTED CHILDCARE

Based on 10 in-depth studies, as well as supplemental case studies on 14 companies and organizations and a review of academic research, the report highlights the business benefits of employer-supported childcare that can accrue for employers through improved recruitment, retention, productivity, diversity, and access to markets:

- **Business Benefits for Recruitment:** Offering childcare supports can improve the quality of applicants and the speed at which vacancies can be filled. It helps **Akamai** in the United States and **Mindtree** in India to recruit and retain highly qualified software engineers, enables **Borusan** in Turkey to work toward building a gender-diverse workforce in a mostly male-dominated heavy manufacturing industry, allows companies such as **Schön Klinik Neustadt** in Germany to recruit staff for their 24/7 operations, and helps **MAS Kreedat Al Safi-Madaba** and **Martur** recruit women in locations where it is uncommon for mothers to enter formal employment.
- **Business Benefits for Retention:** Offering childcare can lead to substantial reductions in employee turnover. Replacing an experienced employee, even if unskilled, is costly. Textile producer **Nalt Enterprise** in Vietnam estimates that it costs 85 percent of a factory worker's annual salary to replace that worker.

Offering childcare at Nalt reduced staff turnover by one third. Similarly, car component producer **Martur** in Turkey estimates that it takes eight months for a new production worker to become fully productive. In Martur's team-centered environment, a new employee's lower productivity reduces the productivity of the whole line. At Martur, offering childcare-related benefits reduced staff turnover by approximately 15 percent. **The Bank of Tokyo-Mitsubishi UFJ, Ltd.** in Japan realized a more than four-fold increase in the retention of new mothers and saved an estimated 5,000 million Japanese yen (\$45 million) in employee-turnover related costs by offering childcare and related initiatives such as extended maternity leave.

- **Business Benefits Through Productivity Gains:** Offering childcare can improve productivity through reduced absences, greater focus, and enhanced motivation and commitment. At **MAS Kreedaa Al Safi-Madaba**, absences due to sick leave fell by 9 percent in the first nine months after a workplace crèche was opened. By enabling its employees to work through childcare crises, **Akamai** more than recoups the costs of its back-up care benefits. Farm employees at **Afrifresh** in South Africa have reported greater peace of mind and ability to focus on their work knowing that their children are out of harm's way and cared for in the company's on-site crèche. A plant manager at **Pandurata Alimentos Ltda. (Bauducco)** in Brazil has noted that childcare benefits have led to a reduction in accident rates as employees are more focused and at ease knowing that their children are safe.
- **Increased Workforce Diversity:** Childcare is an important building block for improving gender diversity and the advancement of women into leadership positions at **Akamai**, **The Bank of Tokyo-Mitsubishi UFJ, Ltd.**, **Mindtree**, as well as at **Safaricom** in Kenya. These companies are seeking to capture the benefits of diversity for innovation, leadership, and financial performance that are supported by research.

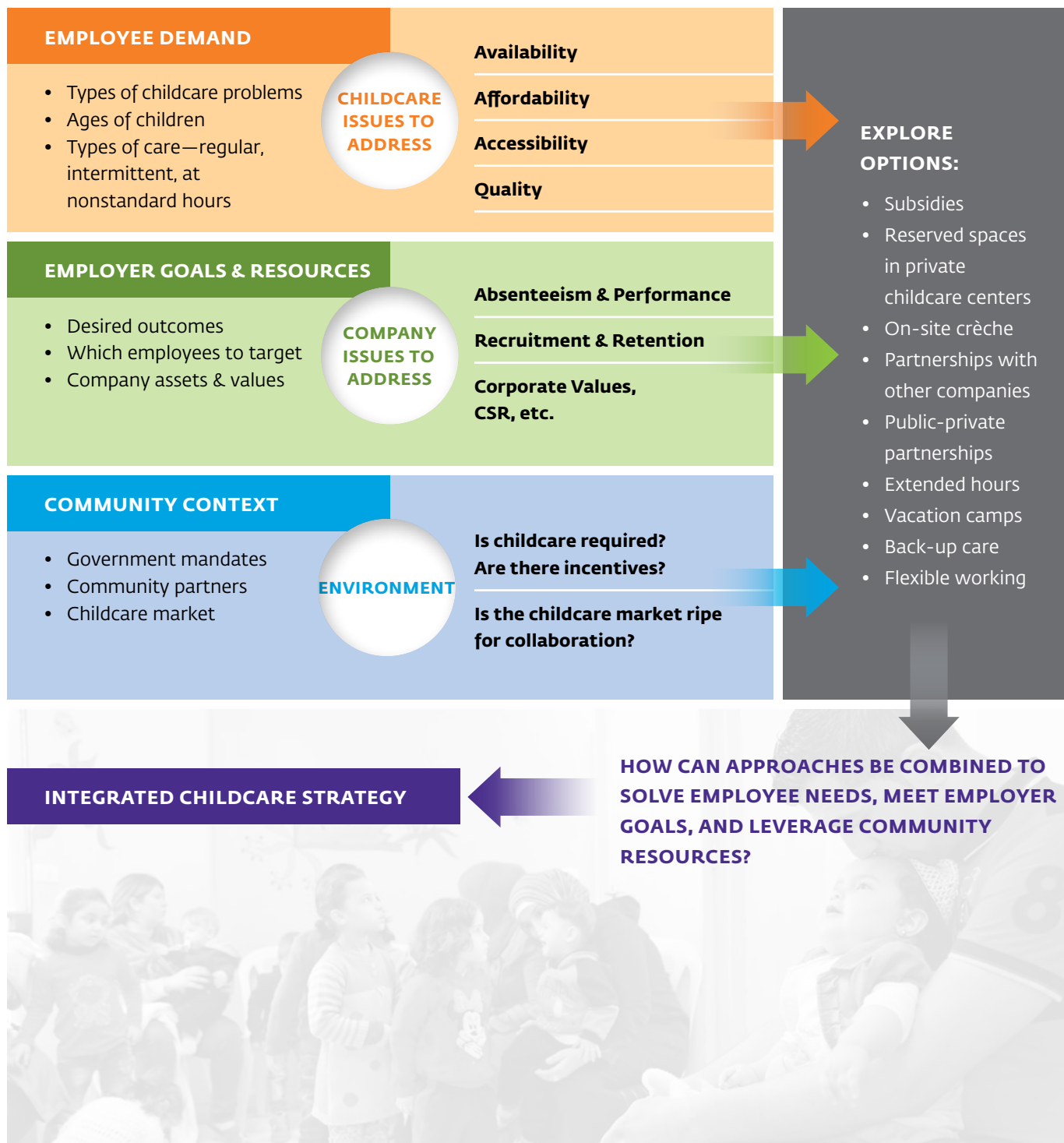
- **Business Benefits Through Enhanced Corporate Reputation and Access to Markets:** For **Afrifresh** in South Africa and **MAS Kreedaa Al Safi-Madaba** in Jordan, efforts to support the childcare needs of their employees and compliance with local and international regulations and standards are enhancing their reputations as "employers of choice" in their respective communities of operation. Investments in childcare are also helping strengthen their relationships with high-value, international buyers, hence ensuring greater and more long-term market access and growth opportunities.

## HOW: CHOOSING AND IMPLEMENTING EMPLOYER-SUPPORTED CHILDCARE

Employers seeking to support their employees' childcare needs have many options from which to choose. The options that best meet business objectives take into account employee needs, the impact of childcare constraints on the business, and the childcare environment.

- Options for supporting childcare range from more resource-intensive strategies such as workplace crèches to less resource-intensive ones such as information and referral services and back-up care benefits. Many leading employers offer more than one option. Complementary benefits such as flexible working and paid parental leave enable parents to care for their children themselves.
- Consulting with employees and their representatives is integral to ensuring that childcare options meet the needs of employees across four dimensions of childcare: availability, affordability, accessibility, and quality. Cultural and social norms, beyond the preferences of employees, can influence both the demand for and supply of childcare. Employers can use a range of analytics and methods for deciding whether, how, to whom, and at what cost to offer childcare.

## Exploring All Options for Tackling Childcare





- Options for meeting the demand are influenced by the childcare environment, including the availability of private or nongovernmental childcare providers, the feasibility of public-private partnerships or partnerships with other employers, and the regulatory and fiscal environment.
- Establishing a baseline and metrics for tracking the impact of childcare supports on key business outcomes—such as time taken to fill vacancies, turnover of employees with and without childcare supports, absenteeism rates, and responses to employee satisfaction surveys—can help finetune a childcare strategy. Data and examples of business impacts can help build support among corporate decision makers for childcare investments.

## LESSONS LEARNED FOR STAKEHOLDERS' CONSIDERATION

The case studies and wider research show that providing childcare can be a win-win solution for employees, companies, and economies. Here are 10 lessons learned for stakeholders' consideration:

- 1) There is no "one size fits all" approach to childcare solutions.** Companies profiled in this report highlight how employers can provide a variety of childcare options—from back-up care in emergencies to on-site childcare centers for nearly 100 children—customized to their business and employees' needs. Providing childcare is perceived positively by employees, customers, and investors more broadly.
- 2) Offering childcare support as part of a holistic strategy yields the biggest returns.** Companies learned over time that their returns on investment increase when their childcare strategies are part of their diversity policies and combined with other measures to support employees' work-life needs.

Communicating and integrating the childcare focus beyond human resource management to functions such as marketing, sustainability, and customer service can further catalyze business benefits.

- 3) Provide childcare support to both mothers and fathers.** Common to many companies profiled in this report is a focus on increasing the gender balance of users of childcare benefits. Encouraging and enabling fathers to use policies as actively as mothers is particularly likely to yield returns, including through the business benefits of diversity.
- 4) The quality of caregiving jobs is key.** The growing demand for childcare services can drive job opportunities, but to attract talented people, efforts need to be made to compensate careworkers fairly, treat them well, and equip them with the skills they need to perform better. This would ensure that more consistent and higher quality care is delivered to children.
- 5) Employees' care needs go beyond childcare.** Factors such as aging populations, cultural shifts, and a growing number of dual-earning families are driving the demand for care. Many employers are offering eldercare support in addition to childcare to better meet their employees' care needs. Recognizing the potential impact eldercare can have on job creation, IFC is committed to contributing to this area with research, knowledge, and advice.
- 6) Resolving childcare needs for populations at the bottom of the pyramid.** Low-income parents often have the greatest need for childcare options. Good-quality childcare boosts early childhood development and helps parents retain their jobs. Organizations such as Kidogo in Kenya and Annapurna Mahila Mandal in India are exploring ways to offer sustainable, private sector-supported childcare for low-income parents.

**7) The regulatory environment matters.**

For employer-supported childcare to have a significant impact on early childhood education and (women's) labor force participation, governments can put in place policy or regulatory frameworks that enable private sector childcare provision. The case studies in this report highlight the benefits to both employers and communities when supportive public policies are in place, such as capacity-building initiatives, fiscal incentives, and advisory services helping companies that are seeking to supplement childcare provisions, as well as win-win solutions when employers and municipalities collaborate to expand childcare provisions.

**8) It takes government and private sector collaboration to create markets for employer-supported childcare.** Taking to scale the promising private sector practices highlighted in this report will require complementary investments by the public sector to build the capacity of quality and affordable childcare providers, provide incentives for employers to engage in this field, and develop regulations and enforcement mechanisms of standards of care that are relevant to parents and providers of childcare.

**9) Investments are needed to build capacity and skills that open new market opportunities.** Several of the companies profiled in this report rely on the services of corporate childcare providers. To meet the demand for employer-supported childcare, increased investments are necessary to expand quality childcare service options for employers and their employees. For financial institutions, this is an opportunity to explore funding options for childcare providers—from micro entrepreneurs to small and medium enterprises (SMEs).

**10) Through demonstration efforts, other employers may be encouraged to replicate employer-supported childcare.** Highlighting the successes of “early-mover” companies can prompt other employers to replicate their efforts. As this report shows, employer-supported childcare has many business benefits. Lasting development impact can be achieved at the industry or national levels once a critical mass of employers view employer-supported childcare as key to remaining competitive.

This report is structured in six parts. Following an introduction and a description of the methodology, section 2 focuses on the why—the reasons that companies may want to invest in childcare support. Section 3 focuses on the what—the different ways to offer childcare support and the factors companies may consider when deciding on a childcare strategy. Section 4 takes up the how—the process of evaluating and costing different childcare options, and implementing a chosen childcare benefit. Section 5 presents the main take-aways or recommendations gleaned from the study. Finally, section 6 includes the 10 detailed company case studies conducted for this report.

A regulatory framework analysis for each country accompanies each case study. This analysis was provided by the World Bank Group's Women, Business and the Law (WBL) program. WBL collects data on the legal barriers that limit women's full economic participation and encourages policymakers to reform laws and regulations. Under its Incentives to Work Indicator, WBL provides a country-by-country review of regulations pertaining to privately-provided childcare services. WBL's country-level analysis will complement this business case research and will be available from February 2018 onward at <http://wbl.worldbank.org/>.



# Tackling Childcare: Introduction

**T**his report looks at how employers can support their employees' childcare needs, and the business benefits such support may bring. It examines the range of business drivers that may motivate companies to explore childcare options, from statutory and legal compliance and human resource management to building corporate reputation and opening new markets. It discusses how companies can analyze their workforce to determine the type and extent of childcare support to offer, provides a framework for examining the many options for providing childcare supports, and offers guidance on designing and implementing a childcare strategy. Although much has been written about the need for public childcare investments, less is published that explains what employers can do and what they have already learned in providing childcare support. This report addresses this gap by drawing on examples across a spectrum of companies, sectors, countries, and regulatory environments.

Almost one in 10 of the world's population, 679 million, are children younger than five years old (UNICEF, 2016). To thrive and develop, these children, and their older siblings, need care. Children who receive quality early education and care are more likely to develop into self-sufficient adults (Berlinski and Schady, 2016; El-Kogali and Krafft, 2015; Naudeau et al., 2011). When parents have access to quality affordable care for their children, they can seek employment and focus on their work. Without such access, parents may be forced to choose between leaving their children with poor or no care while they work, or forgoing work altogether so they can provide care themselves—a situation that can threaten the family's economic security (Samman, Presler-Marshall, and Jones, 2016). Investments in childcare support both the current and future workforce.

In many parts of the world, childcare remains scarce. Fewer than one in four children under age five in South Asia and most of Africa, and just over half globally, benefit from a preschool program (UNICEF, 2016). Traditional sources of childcare from close or extended family members are becoming less available as more women are in paid employment and as families become more dispersed, particularly when employees and their children move away from their place of birth in search of work (Bright Horizons Family Solutions, 2012; Hein and Cassirer, 2010; Adema and Whiteford, 2007). Yet, formal childcare is often outside the reach of low- and middle-income workers, especially in many developing countries; for those who can afford it, the available options are often limited and poorly aligned with full-time working hours. Access to care is particularly lacking for children younger than three (Hein and Cassirer, 2010).

The unavailability or unaffordability of care affects the choices that parents, particularly mothers, make regarding the type of work that they do, whether they stay at home, or how they combine work with care (ILO, 2016). Survey data from 31 developing countries found that only 4 percent of women use organized childcare or nursery arrangements, while 39 percent said that they had to mind their children at work (UN Women, 2015). Parents may also be unwilling to take up formal childcare if quality is low. For families, these gaps in access to quality care can mean less paid working time and lower earnings, leading to lower household incomes. For employers, gaps in access to quality childcare can mean lower productivity and higher absenteeism, skill shortages, and difficulties in recruitment.

Improving access to childcare can improve gender equality, and help women enter and advance in the workforce. The recognition, reduction, and reallocation of care responsibilities is a vital determinant of women's and men's ability to

## **Tackling Childcare Initiative**

### **IFC: Tackling Childcare Initiative**

IFC, a member of the World Bank Group, recognizes that childcare is an important issue for parents, companies, and economies. The topic features prominently in the World Bank Group's Gender Equality Strategy.

This report forms part of the Tackling Childcare Initiative, which was launched by IFC in partnership with the World Bank Group's Women, Business and the Law, to better understand the dynamics of employer-supported childcare and to bring together the private and public sector dimensions to address childcare.

### **Tackling Childcare Commitment and Partnership**

In 2016, IFC launched the Tackling Childcare Partnership, a CGI commitment to action to promote better career opportunities for working parents and to accelerate the spread of best practices for employer-supported childcare.

Participating firms that have made commitments to support childcare include Afrifresh, AeroMéxico, Danone Nutricia Early Life Nutrition Italy, Dialog Axiata PLC, Grupo M, HBL Bank, MAS Kreedaa Al Safi-Madaba, Mindtree, Pandurata Alimentos Ltda. (Bauducco), Safaricom, and Sumitomo Chemical.

IFC is also working with six strategic partners—Care.com, IWPR, the ILO, Kidogo, the UN Global Compact, and UN Women—to help disseminate childcare solutions and frameworks that companies can use to enhance their childcare interventions and measure their impact.

contribute equally to the community, economy, and public life. Because women are more likely to carry the responsibility for looking after children, a lack of childcare options presents a major barrier to their full and equal participation in paid work (ILO, 2017; World Bank, 2011). Globally, women's labor force participation rate is just over 49 percent, nearly 27 percentage points lower than the rate for men (ILO, 2017). A McKinsey Global Institute study estimates that closing the gender gaps in economic participation would increase global gross domestic product (GDP) by 26 percent by 2025, adding \$12 trillion (Woetzel et al., 2015). Tackling childcare can make a major contribution to closing these gaps. Evidence from the Caribbean, Latin America, and Organisation for Economic Development and Cooperation (OECD) countries suggests that access to subsidized childcare can have a significant positive impact on women's employment rates and the number of hours that women work (Mateo-Díaz and Rodrigues-Chamussy, 2013; Thévenon, 2013).

Policymakers internationally are recognizing the importance of access to quality affordable childcare for both economic and gender equality. To date, 192 nations have signed the Global Goals for Sustainable Development, which include the target, "By 2030, ensure that all girls and boys have access to quality early childhood development, care and preprimary education so that they are ready for primary education."<sup>1</sup> In 11 of 50 economies examined by World Bank Group's Women, Business and the Law,<sup>2</sup> employers are required by law to provide or support childcare. Ecuador and India, for example, require employers to support childcare based on the number of employees, regardless of gender; in others, however, the requirement to provide childcare is specifically linked to the employment of women (Box 1.1). This can be a disincentive for employers to hire women, or lead to lower earnings for women when they are hired (Prada, Rucci, and Urzua, 2015).

Companies increasingly understand that childcare is a business-critical issue. Given that women still tend to be primary caregivers in most families, childcare deficits constrain businesses' access to talent and contribute to lack of gender diversity. A strong body of research shows the positive impact on corporate performance of greater gender diversity in corporate leadership, and the negative impact on companies



### Box 1.1

#### Examples of Countries with Childcare Mandates for Private Employers

**Brazil:** Companies employing at least 30 women over 16 years of age are required to have a place where children in the breastfeeding period can be cared for and supported.

**Chile:** Companies employing at least 20 women must provide a childcare area for children under two, pay the cost of care, or provide spaces in centers shared with other employers.

**Ecuador:** Companies employing at least 50 employees must provide workplace childcare.

**India:** Companies employing at least 50 employees must provide a workplace crèche.

**Japan:** Companies, regardless of the number of employees, are required to support work-life balance and the childcare needs of their employees.

**Jordan:** Companies employing at least 20 women who have among them at least 10 children younger than four years must provide care for those children by a trained nurse at an adequate childcare facility.

**Turkey:** Companies employing at least 100 women must provide a lactation room close to the workplace (within 250 meters), and companies employing at least 150 women must provide a workplace crèche for children up to age six, or vouchers to pay for those services from certified childcare providers.

SOURCE: THE WORLD BANK GROUP'S WOMEN, BUSINESS AND THE LAW PROJECT PROVIDES A COUNTRY-BY-COUNTRY REVIEW OF REGULATIONS PERTAINING TO PRIVATELY-PROVIDED CHILDCARE SERVICES UNDER THE INCENTIVES TO WORK INDICATOR; AVAILABLE FROM FEBRUARY 2018 ONWARD AT [HTTP://WBL.WORLDBANK.ORG/](http://wbl.worldbank.org/). HENCEFORTH CITED AS (WORLD BANK GROUP, 2018) IN THIS REPORT.

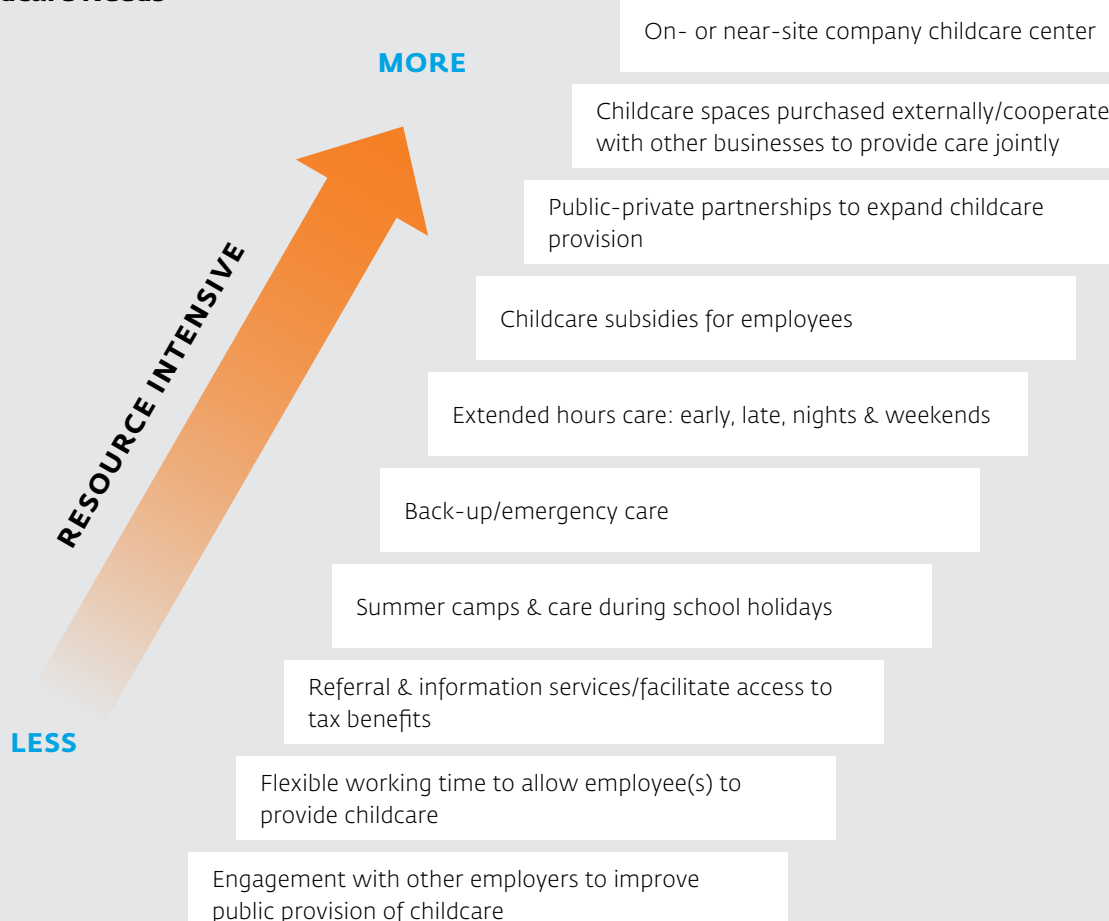
that fail to be diverse (Noland, Moran, and Kotschwar, 2016; McKinsey & Company, 2007; Smith, Smith, and Verner, 2006). Investing in childcare can give businesses an edge in terms of both recruitment and retention across a broader talent pool and improve gender diversity. It can also contribute to business success through reduced turnover and absenteeism, lower stress and enhanced employee well-being, as well as longer-term commitment to a far-sighted employer.

Substantial evidence from different sectors and regions of the world shows that childcare support can impact businesses' bottom line (Roland Berger GmbH, 2016; Hein and Cassirer, 2010; Shellenback, 2004). For example:

- **The Bank of Tokyo-Mitsubishi UFJ, Ltd.** in Japan is saving millions of dollars from a more than four-fold increase in the number of women continuing in employment when they become mothers as a result of the Bank's investments in childcare and related supports (see section 6).
- For **Martur** in Turkey, employee turnover is a key performance indicator (KPI); providing childcare reduced employee turnover by approximately 15 percent (see section 6).
- At **Patagonia** in the United States, the rate of staff turnover for working parents who have their children enrolled in the company's on-site childcare program is 25 percent lower than their overall employee turnover rate (Marcario, 2016).

Figure 1.1

## Options for Supporting Employees with Childcare Needs



Companies seeking to support their employees' childcare needs have a broad range of options. Figure 1.1 lists some of these options, which range along a spectrum of highly resource intensive to less resource intensive interventions. Employers may offer more than one of these options to more comprehensively address their employees' needs and generate higher business returns. What path to pursue depends on several factors, including the regulatory environment in which the company operates, its labor market, the needs and cultural expectations of its employees, and whether there is a private

sector market for childcare on which the company may draw to supplement its own direct support.

The report draws on 10 case studies of employers who provide childcare-related benefits to their employees. The companies are located in different parts of the world—seven are in emerging economies, three are in developed economies; some are located in rural areas, others in metropolitan areas—and in a cross-section of industries—some with predominantly female workforces, others in sectors where women are the

## Box 1.2

### First-Hand Insights from Companies in Emerging and Developed Economies

An important part of the methodology for this study involved drawing on the practical experiences of companies operating in a range of emerging and developed economies.

IFC acknowledges the participation of the 10 companies who volunteered to share their experiences and are the subject of extended case studies in section 6:

- **Afrifresh**, agribusiness, South Africa
- **Akamai**, information technology, United States of America
- **Borusan**, industry/heavy manufacturing, Turkey
- **The Bank of Tokyo-Mitsubishi UFJ, Ltd.**, financial services, Japan
- **Martur**, automotive component manufacturing, Turkey
- **MAS Kreeda Al Safi-Madaba**, garment manufacturing, Jordan
- **Mindtree**, information technology, India
- **Pandurata Alimentos Ltda. (Bauducco)**, food manufacturing, Brazil
- **Safaricom**, telecommunications, Kenya
- **Schön Klinik**, healthcare, Germany

The report further benefits from examples provided by the following companies: Care.com, Grupo M/Codevi Haiti, Citigroup Chile, Danone Nutricia Early Life Nutrition Italy, Danone UK, Goldman Sachs India, Mobile Creches India, Natura Cosmeticos Brazil, PepsiCo Pakistan, Pinterest USA, Sumitomo Chemical, Hindustan Unilever Limited India, The Village Nut Company in Kenya, and Westpac in Australia.

The report also benefits from a regulatory framework analysis for each country that accompanies each case study. This analysis was provided by the World Bank Group's Women, Business and the Law (WBL) program. WBL collects data on gender inequality in the law. The project diagnoses legal barriers that can limit women's full economic participation and encourages policymakers to reform discriminatory laws and regulations.

minority of the workforce. IFC acknowledges the participation of these companies, listed in Box 1.2.

This report is structured in six parts. Following this introduction and a description of the methodology used for this research, section 2 focuses on the *why*—the reasons that companies may want to invest in childcare support. It draws on the case studies and other research to highlight different ways that childcare support programs can impact businesses' bottom lines. Section 3 focuses on the *what*—the different

ways to offer childcare support and the factors companies may consider when deciding on a particular childcare strategy. Section 4 takes up the *how*—the process of evaluating and costing out different childcare options, and implementing a chosen childcare benefit. Section 5 presents the main take-aways or recommendations gleaned from the study. Finally, section 6 includes a detailed narrative for each of the 10 company case studies conducted for this report.

## METHODOLOGY

This report draws on the practical experiences of 10 companies, who generously shared their business rationales for offering childcare, opened their books to assess the impacts of childcare supports on KPIs, and reflected on the lessons they have learned in the development of their childcare strategies. Table 1.1 gives an overview of the childcare supports offered by each case study company. Efforts were made to include companies in diverse sectors, regions, and regulatory contexts offering a range of experiences and approaches to employer-supported childcare. The selection of companies reflects IFC's network and the availability of companies to participate within the Tackling Childcare Project's timeframe.

**The Bank of Tokyo-Mitsubishi UFJ, Ltd., Martur, and Pandurata Alimentos Ltda. (Bauducco)** are IFC investment clients, and **MAS Kreedat Al Safi-Madaba** (a factory of IFC investment client MAS Holdings) is a participant in the ILO/IFC Better Work Program<sup>3</sup> in Jordan.

In each case, researchers visited the company for two to three days. During this time, they conducted a series of semi-structured interviews with managers, supervisors, and employees (male and female) to gather evidence on the impact of childcare initiatives and the related business benefits for the companies (Annex A includes a typical schedule for the company visits). Researchers prepared detailed interview guides for each type of staff/management position, and each interview typically lasted 30 to 60 minutes. Altogether, approximately 95 individual interviews and 37 employee focus groups were conducted with the 10 case study companies, as well as nine background interviews with industry stakeholders.

As far as possible, researchers worked with each company to collect workforce and business metrics to capture the quantitative impacts, costs, and benefits of childcare supports. A list of data questions on workforce demographics, key employment indicators, and expenditure and resources specific

to childcare supports were sent to the company ahead of the visit (see Annex A for an example). The interview guides and data questions draw on earlier work conducted by IFC (2016b, 2013), adjusted to the childcare context based on a review of the literature.

Company case studies were also underpinned by a literature review of national sources on labor markets, women's employment, childcare, the local and sectoral business case for companies to provide childcare supports, and research conducted by WBL on the overarching regulatory and policy context for childcare. In some cases, additional interviews were held with employer associations to understand the broader business context. Each written case study was reviewed for accuracy and signed off by the company.

In addition to the case studies, this report is based on a comprehensive review of international literature on the business impacts of employer-provided childcare. The literature review included academic databases, governmental and policy reports, and a search of key terms in the business and human resource management press. The review builds on the insights set out in several IFC cross-sectoral publications on women's employment, including *Investing in Women: New Evidence for the Business Case*; *The Business Case for Women's Employment in Agribusiness*; *Investing in Women's Employment: Good for Business, Good for Development*; and *SheWorks: Putting Gender-Smart Commitments into Practice at the Workplace*. Annex C outlines some of this research and provides suggestions for further reading.

The report further draws on examples from 14 other companies and organizations (see Box 1.2) that participated in this research on a less extensive basis, based on approximately 20 interviews.



Table 1.1

## Tackling Childcare Case Study Companies: Overview

	South									
	Africa	USA	Turkey	Japan	Turkey	Jordan	India	Brazil	Kenya	Germany
	Afrifresh	Akamai	Borusan	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Martur	MAS Kreeda Al Safi-Madaba	Mindtree	Pandurata Alimentos Ltda. (Bauducco)	Safaricom	Schön Klinik
On-site crèche	✓					✓	(✓)		✓	(✓)
Reserved spaces in external crèches					✓		✓	(✓)		(✓)
Public-private partnership			✓							(✓)
Childcare subsidies for employees			✓	✓	✓		✓	(✓)		
Extended hours of childcare	✓						✓	(✓)	✓	(✓)
Emergency/back-up care		✓		✓					(✓)	(✓)
Summer camps					✓					✓
Flexible working options for parents	(✓)	✓	(✓)	✓			✓			✓
Measures to reintegrate mothers				✓			✓			
Explicit inclusion of fathers		✓	✓	✓			✓			✓

Notes: (✓) means offered in some locations but not all.



PHOTO: KHASAR SANDAG/INTERNATIONAL FINANCE CORPORATION



# Business Case for Employer-Supported Childcare

IFC's Tackling Childcare research shows that providing childcare benefits can boost the quality of a company's labor force by supporting the needs of a diverse workforce, improving recruitment, and helping to retain talent throughout the employee life cycle (see Figure 2.1). Furthermore, businesses that invest in childcare can improve employee performance by reducing absenteeism, enhancing worker productivity, and increasing the motivation and commitment of their workforce. In addition to these internal benefits, employer-sponsored childcare can also positively influence a company's external reputation and may help the firm's access to markets that have high corporate social responsibility benchmarks (IFC 2017, 2016a, 2013; Roland Berger GmbH, 2016; Burud and Tumolo, 2004; Shellenback, 2004).

Companies invest in childcare supports for many different reasons (see Figure 2.2). For firms like **Martur** and **MAS Kreedaa Al Safi-Madaba**, providing childcare is part of their basic legal compliance, but also an essential component of their recruitment and retention strategies in regions where mothers do not typically work outside the home. **Citigroup Chile**, too, complies with legal requirements to provide childcare, and offers additional benefits to employees to attract and retain female talent and further increase its gender diversity. **Pandurata Alimentos Ltda. (Bauducco)** began to offer childcare initially to comply with a union contract requiring childcare supports; however, in line with its corporate values and focus on families, the company stepped beyond the contract requirement to more comprehensively address the needs of mothers and their children. **Nalt Enterprise**, a garment manufacturer and ILO/IFC Better Work participating supplier in Vietnam, started a kindergarten as a way to share its profits with its workers. **The Village**

**Nut Company** in Kenya, a family-owned macadamia nut processing company, provides on-site childcare in rural Africa, where access to formal childcare can be challenging.

For **Afrifresh's** River Fresh Farm, **Akamai**, **Mindtree**, and **Schön Klinik**, offering childcare benefits is a basic requirement for recruitment, and allows employees to be available at the times when the companies need them.

**Safaricom** established its childcare provision partly out

Figure 2.1

## Business Benefits from Employer-Supported Childcare



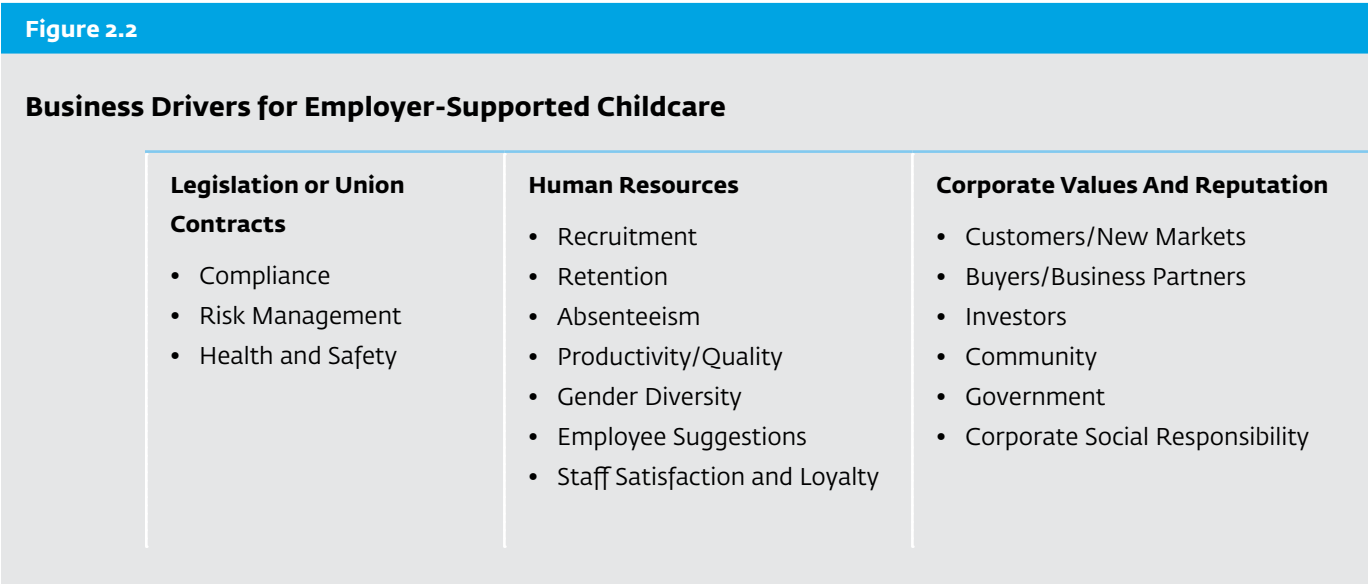
of a desire to support employees with childcare needs, as well as to improve operational challenges when staffing was disrupted by employees' childcare difficulties. Similarly, some of the Turkish industrial group **Borusan's** activities to support childcare directly respond to employees' expressed needs, whereas others form part of the company's broader commitment to gender diversity and equal opportunity. For **The Bank of Tokyo-Mitsubishi UFJ, Ltd.** and **Sumitomo Chemical**, childcare supports are fundamental components of their gender diversity strategies, as well as part of the companies' proactive participation in the Japanese government's focus on improved gender equality in employment. Whatever the trigger for investing in childcare is, companies can reap benefits from several sources.

BUSINESS BENEFITS FOR RECRUITMENT

Childcare supports can enhance a company's ability to attract and recruit the best staff. Many companies across the world face a competitive labor market. In one recent survey, well over half of employers in Brazil and India, more than four in 10 employers in Mexico and Asia-Pacific, and about one third of employers globally reported struggling with talent shortages (Abadie, 2012). By 2020, millennials, who, in their 20s and 30s

will be of an age when many people form families, will make up 50 percent of the global workforce (PwC, 2011). Evidence from emerging and developed economies alike shows that employees value and expect work-family support. In a survey of nearly 10,000 working-age adults across Brazil, China, Germany, Japan, Mexico, the United Kingdom, and the United States, over 60 percent of millennials and around half of respondents older than 45 said that on-site childcare was important in a job (EY, 2015).

As part of its Performance with Purpose 2025 Agenda, **PepsiCo** supports working caregivers in meeting the demands of their professional and personal lives. One way PepsiCo does this is through on-site and near-site childcare centers. By the end of 2017, PepsiCo will begin offering two new childcare centers in and near its U.S. HQ locations, with care provided by trained and reputable third-party providers. The company also offers access to on-site or near-site childcare at international locations, including India, Mexico, and Pakistan. **PepsiCo Pakistan** has noticed that childcare centers have helped attract and retain women in particular, and word-of-mouth referrals from both women and men who use this service help increase utilization. PepsiCo Pakistan also notes that its on-site daycare center has enhanced the mobility of its female talent as women are more willing to relocate from other cities to Lahore. As a result, PepsiCo Pakistan can attract a larger,





**“There are around 10 to 15 large farms in the local area, all competing for the same workers. We all have to offer at least the same terms and conditions as the others ... Offering even better quality employment is important for being an employer of choice.”**

Colette Hugo, Compliance Coordinator at River Fresh Farm, Afrifresh, South Africa

more skilled talent pool that extends beyond its current area of operations. To counter urban migration and attract young talent, **The Village Nut Company** offers an on-site daycare facility as well as trainings and other benefits.

Companies from a variety of sectors across the world, ranging from a Chinese healthcare provider (**Chindex Hospitals**) to a technology park in France (**Rennes Atalante**) and a hospital in South Africa (**Zuid Afrikaans**), have used their high standards for working conditions, investments in female workers, and childcare benefits to build reputations as family-friendly employers and thus attract high-quality staff (IFC, 2013; Hein and Cassirer, 2010). Providing childcare was crucial for **MAS Kreedat Al Safi-Madaba** and **Martur**, both located in largely rural areas, to convince women with little experience of paid employment to seek work in the industrial sector. For several other companies featured in this report, such as **Afrifresh's** River Fresh Farm, **Mindtree**, **Akamai**, and **Schön Klinik**, the question is not whether to offer childcare—if they did not offer it they would not be competitive as an employer in their sector or region—but whether they can offer it in a manner that sets them apart from their competitors.

**Citigroup Chile** is positioning itself as a good place to work for mothers and fathers. The company ranked fifth in the SME category of the *Mejores Empresas para Madres y Padres que Trabajan* (Best Companies for Working Mothers and Fathers) 2015 award. The award benchmarks employers across categories such as work-life balance, flexible work, and childcare support. **Sumitomo Chemical** has also received positive public recognition for its support of working parents. The company obtained the *Kurumin* Mark in 2008, 2012, and 2015 from the Japanese Ministry of Health, Labour and Welfare and became certified as a company that supports childcare by carrying out action plans based on the Japanese Act on Advancement of Measures to Support Raising Next-Generation Children and meeting the Ministry's certification criteria.

Childcare benefits can also enhance compensation packages. In tight labor markets, companies often feel pressured to offer compensation packages that differentiate themselves from other employers. A study from the United States found that providing childcare centers was a cost-effective way to design compensation packages in tight labor markets because of the high value placed by workers on employer-sponsored childcare (Connelly, DeGraff, and Willis, 2004).

**“Any woman considering joining Mindtree will ask: Do you have a childcare center? Offering childcare is a basic requirement [in the talent pool in which we compete].”**

Anish Phillip, Associate VP Human Resources, Mindtree, India



## Employer-Supported Childcare at Hindustan Unilever

**CORPORATE PROFILE:** Over 18,000 employees, out of which 36 percent are women.

### Creating a Campus of the Future

In 2010, Hindustan Unilever Limited (HUL) moved its head office to a new campus in Andheri (East), Mumbai. The idea behind the move was to integrate various business processes under “One HUL Campus” and leverage scale and synergies across the organization. The new campus offers various facilities to employees including convenience stores, a library, a food court, an occupational health center, a training center, a sports and recreation center, and a daycare center.

### A State-of-the-Art Daycare Center

In 2010, HUL set up an on-site daycare facility at its Mumbai head office and brought in an external childcare provider, The Little Company (TLC), that has since been taken over by Founding Years Learning Solutions. HUL's decision to establish a daycare center came from its leadership's commitment to diversity and retention of female talent returning to work after maternity leave.

The daycare center initially benefited 25 children and their parents (both mothers and fathers). In 2012, to keep up with increased demand, the facility was expanded and today the capacity of the daycare center is 80 children (72 are currently enrolled). The daycare center caters to children ages six months to six years and includes a play school and nursery for older children and an evening activities program. The infrastructure and utilities cost is borne by HUL. Employees are charged fees for services provided by The Little Company. There is a doctor on-site for the campus. The Little Company sends a daily report to parents via a mobile app on what their children did during the day. Mock evacuation drills are conducted with children, a reflection of the importance that HUL places on safety. HUL also provides a lactation room in its daycare center.

From 2012–2016, parents consistently rated the center 4.5+ on a scale of 5, and Education Today ranked it as the “No. 1 Preschool Program” in Mumbai in 2015, 2016, and 2017. Various other HUL locations, such as Bangalore, have access to daycare facilities as well.

### Promising Practices

HUL offers a range of policies to support employees' work-life needs, including a maternity and paternity policy, flexible working, Career by Choice, and Agile Working programs among others. In 2014, Unilever launched MAPS (Maternity and Paternity Support) to facilitate caring transitions for employees and their managers.

*continued on next page*

### Business Benefits

**In the Nielsen Campus Track Business School Survey, for the sixth year in a row, HUL has emerged as the “No. 1 Employer of Choice” across all sectors for the 2016 graduating batch of business school students, across functions. In addition, HUL retains its “Dream Employer” status for the eighth year running and continues to be the top company considered for application by business school students.**

Note: Compiled by Carmen Niethammer and Roshika Singh following an April 10, 2017 visit of the HUL childcare facility in Andheri East Campus, Mumbai. The team met with Unilever staff Anandi Shankar (General Manager, Human Resources) and Jyotika Shanbhag (Senior Executive, Workplace Services Team).

## BUSINESS BENEFITS FOR RETENTION

Providing childcare benefits can also improve retention and reduce employee turnover. When **Nalt Enterprise** in Vietnam introduced an on-site kindergarten for its workers, it saw a one-third drop in staff turnover (IFC, 2013). For **Martur**, employee turnover is a KPI monitored on a monthly basis. Providing childcare to sewing machine operators is an important component of Martur’s measures to reduce turnover; in the assessment of Martur’s management, childcare supports are responsible for about a quarter of the 70 percent overall reduction in turnover rates the company has achieved since 2013.

The costs of replacing an employee—low-skilled or high-skilled—can be considerable. A review published by the U.S. Society for Human Resource Management cites costs for replacing a professional employee at 90 to 200 percent of annual salary (Allen, 2008). **Nalt Enterprise** estimates that the costs of replacing and training a new recruit represent around 85 percent of the annual salary of one factory worker (IFC, 2013). A review of 30 case studies across a range of skills and occupations finds that on average it costs businesses about 20 percent of a worker’s salary to replace that worker, although depending on the job and employee skills, the turnover cost estimates in the 30 case studies range from 5.8 to 213 percent (Boushey and Glynn, 2012). Companies typically underestimate the true cost of replacing an employee. Hinkin and Tracey (2000) developed a detailed model of turnover costs for entry-level positions in the hotel industry and found that the real cost of turnover was at least higher by a

factor of 1.7 (for room service staff) up to a factor of 9.7 (for an administrative assistant in catering and sales) than the companies’ estimates. In addition to the resources required to hire and train new workers, firms typically suffer productivity losses after employees leave and while new employees are being trained. These losses are often due to higher error rates, reduced productivity of colleagues and line managers who may have to assist the new person, and loss of institutional and client-network knowledge (Allen, 2008; Mitchell et al., 2001; Hinkin and Tracey, 2000). Box 2.2 summarizes the items contributing to the costs of replacing employees.

Motherhood is often a point at which companies lose experienced employees, but offering childcare can increase the retention of new mothers. At **Mindtree**, which offers a range of childcare solutions for its employees, over 90 percent of women return after maternity leave and over 87 percent of mothers are still with the company a year after their return, even though India has one of the lowest labor force participation rates for mothers in the world, including for highly educated women (ILO, 2016; Klasen and Pieters, 2015). **Citigroup Chile** is putting emphasis on attracting and retaining top female talent, which is scarce in the IT-related sector in which the company operates. Offering childcare solutions that go beyond legal requirements seems to positively impact maternity return rates, which for Citigroup Chile are at 93 percent.

By offering childcare support and related initiatives such as extended maternity leave options, training for line managers on supporting new parents, and flexible working options, **The Bank of Tokyo-Mitsubishi UFJ, Ltd.** realized a more than

## SECTION 2 *continued*

four-fold increase in the number of women who continued in employment with the Bank when they became mothers: from 294 in 2007 (at the start of the Bank's childcare and gender diversity initiative) to 1,525 in 2016. Over 90 percent of women now continue work at The Bank of Tokyo-Mitsubishi UFJ, Ltd. when they become mothers. Prior to this, new mothers left the company, even before taking maternity leave. A manager at The Bank of Tokyo-Mitsubishi UFJ, Ltd. estimates the cost of replacing an experienced staff in her department at approximately 5 million Japanese yen (\$45,000). The growth in the number of women who have chosen to stay at the Bank instead of leaving when they became mothers by more than 1,000 translates into notional financial returns of 5,000 million Japanese yen (\$45 million), easily covering any investments made by the Bank in its diversity strategy.

Examples from other companies also illustrate the potential benefits from childcare supports once the true costs of employee turnover (of all employees, not just women with children) are taken into account. **Schön Klinik Neustadt** has 10 reserved slots for children younger than three in an on-site

crèche set up through a public-private partnership with the city of Neustadt. Since a conservative estimate of replacement costs is 40 percent of a nurse's salary, encouraging just 10 employees to stay because of the childcare facility fully covers the company's annual investment. At **Martur**, it takes eight months for a newly hired sewing machine operator to be fully productive (including three weeks of full-time off-the-job

The **Bank of Tokyo-Mitsubishi UFJ, Ltd.** in Japan realized a more than four-fold increase in the number of new mothers willing to continue work after childbirth. The saved replacement costs of more than 1,000 female employees who may otherwise have left when they became mothers can be estimated at 5,000 million Japanese yen (\$45 million), easily covering the Bank's childcare investments.

### Box 2.2

#### Costs Related to Replacing an Employee



##### Separation costs

- Administration related to separation
- Exit interviews



##### Recruitment and selection costs

- Posting, advertising, and recruiting
- Staff and management time for reviewing applications and interviewing candidates
- HR administrative and onboarding procedures
- Supplies and, where relevant, uniforms, security checks, and medical exams



##### Training costs

- Orientation/induction
- On-the-job training
- Formal training



##### Productivity costs

- Time taken until employee is fully productive
- Errors
- Loss of institutional and client-network knowledge
- Reduced productivity of colleagues and line manager while helping new employee

SOURCES: ADAPTED FROM ALLEN (2008) AND HINKIN AND TRACEY (2000)

training). In a just-in-time environment where every worker depends on the quality of output of other workers in their line, the lower productivity of one worker easily leads to lower productivity of all workers. Reducing employee turnover is a major motivation behind Martur's investments in childcare.

The retention benefits are not limited to employees with children. At **Pandurata Alimentos Ltda. (Bauducco)**, mothers reported that they had been aware of the crèche benefit offered by the company long before they actually decided to have children. A 20-year-old textile worker at **MAS Kreedaa Al Safi-Madaba** reported that the crèche gives her confidence in her future with the knowledge that when she starts a family, she will not need to leave her job because a nursery is available.<sup>4</sup> In a survey of managerial employees at IT companies in India, 50 percent of women and over 40 percent of men reported that they would be less likely to quit working for a company that provides childcare benefits (Babu and Raj, 2013).

**"When an inexperienced worker joins a line, the productivity of the whole line drops because everyone depends on everyone else's work. Quality and productivity go down, we fall behind our schedule, we need to work overtime—we lose more women workers because they do not like to work overtime. Childcare helped us turn this vicious cycle into a virtuous one."**

Salim Dogan, Üstünberk Holding's Director for Textile Operations and Manager of the Martur Kütahya site



PHOTO: COURTESY OF MAS KREEDA AL SAFI-MADABA

**"I am very happy that there is a crèche here. God willing, one day I will be married and have children and won't need to leave my job because there is a nursery available."**

Maram Abu Lomdi, a 20-year-old tailor at MAS Kreedaa Al Safi-Madaba.

SOURCE: BETTER WORK JORDAN, 2017

## **BUSINESS BENEFITS THROUGH PRODUCTIVITY GAINS**

IFC's Tackling Childcare research finds that childcare supports can substantially impact productivity by reducing absences; improving motivation, commitment, and focus at work; and improving quality.

### **Accelerating parental return to employment**

IFC's Tackling Childcare research shows that childcare benefits can encourage mothers to return to work sooner after maternity leave. In Germany, where women are entitled to job-protected leave of up to three years per child, having a crèche for children under three can reduce the time mothers take off for maternity leave. Earlier return reduces the replacement costs while the mother is on leave and makes it easier for her to maintain her technical knowledge. Researchers at the University of Heidelberg worked with German chemical producer **BASF** from 2006 through 2011

**“The crèche was the reason that my partner—who manages nursing care services for one of the wards—came back to work just nine months after she gave birth to our son.”**

Nursing care director, Schön Klinik Neustadt, Germany

to establish the social return on investment (SROI) in their childcare facilities. BASF fully covered its investments in the childcare facilities primarily because women with access to the crèche, on average, returned three months earlier from parental leave than other parents, worked more hours upon their return, and were less likely to have short-term absences (Then et al., 2014). The study additionally estimated considerable returns for parents, who had higher earnings as a result of returning earlier, and for the public sector, which had provided some grant funding to the company and benefited from increased tax and social insurance collection and reduced parental leave benefit payments.

For **MAS Kreedat Al Safi-Madaba**, its new crèche reduced the absences of mothers who returned from maternity leave and were entitled to nursing breaks each day, paid by the employer, for up to one year after childbirth.<sup>5</sup> Before the crèche was established, nursing mothers would use their cumulative statutory entitlement to take one day of paid leave per week. However, since the crèche was built, women can breastfeed and visit their children while at work. This has proven much more effective for the factory in terms of organizing production.

### Reducing short-term absences

Parents may be forced to miss work unexpectedly, come in late, or leave early due to unplanned childcare needs. In a U.S. **Care.com** survey, nearly three quarters of employees with children said their job had been affected because of childcare plans falling through at the last minute, with 64 percent having to use sick days and 54 percent being late to work as a result (Care.com, 2017). An earlier U.S. survey found that 30 percent of employed parents had encountered a childcare crisis within the previous several months that had contributed to a reduced focus on the job, tardiness, and unplanned absence from work (Bond, Galinsky, and Swanberg, 1998). Another study of working parents in the United States estimated that on average, parents missed 4.3 days in a six-month timeframe because of a breakdown in childcare arrangements (Bright Horizons (2002) cited in Early

**“Absenteeism has gone down in a short period. By law, after maternity leave, mothers get time off for breastfeeding. Before the on-site crèche, our women employees took one paid day off per week by adding up the six hours of breastfeeding per week. Now they do not have to take a day off as they can breastfeed in the childcare center.”**

Hani Bostanji, MAS Kreedat Al Safi-Madaba Deputy General Manager for Human Resources and Administration, Jordan



**“Before the childcare center, I would often have to stay at home when my child was sick, especially in winter, or if my relative was unavailable to provide care. But now with the childcare facility and transport, it is so much easier. We rarely have to use our vacation days now to cover childcare responsibilities.”**

Textile worker and mother, MAS Kreedat  
Al Safi-Madaba, Jordan

Care & Learning Council (2014)). Unstable childcare costs U.S. employers billions of dollars annually and contributes to unscheduled absenteeism, which has been identified as a chronic problem in the country. Circadian (2014) conservatively estimated that on average, absenteeism costs an additional \$2,660 per shift worker each year compared to day workers. For a company with 500 hourly shift workers, this translates to roughly \$1.3 million (Circadian, 2014).

Short-term absences can be a significant cost factor, particularly when absences are unexpected. Navarro and Bass (2006) estimate that as much as 21 percent of unscheduled absences are due to family issues. An IFC diagnostic at **Soltuna**, a tuna-processing facility and IFC investment client in Solomon Islands, found that 15 percent of all absenteeism was accounted for by care responsibilities, with workers taking unscheduled time off to care for sick children or family members (IFC, 2017, 2016b). The diagnostic revealed that by bringing down overall absenteeism from an average of 18 percent to 15 percent (the level considered realistic within



PHOTO: MONKEY BUSINESS IMAGES/SHUTTERSTOCK.COM

**“If the child is happy, the mum is happy and this makes her a better worker.”**

Dirk Lategan, General Farm Manager at River Fresh Farm, Afrifresh, South Africa

local context), **SolTuna** stands to earn an additional \$1.58 million and save \$166,000 a year (IFC, 2017, 2016b). The company is now exploring options to reduce controllable absenteeism, including support for workers to manage their care responsibilities. Based on a survey of 455 companies, Mercer (2008) found that incidental unplanned absences lead to higher “net loss of productivity”—where work is missed, postponed, or not done by others—than leave that is planned, such as vacations. Mercer estimates the direct salary costs of unplanned short-term absences at 2 percent of payroll, but the real cost, including the impact on productivity, at 6 percent of payroll.



PHOTO: DOMINIC CHAVEZ/WORLD BANK

Taking steps to reduce employee absenteeism, such as investing in childcare, can result in substantial cost savings for firms (IFC, 2013; Hein and Cassirer, 2010). A study of UK and Irish companies found a 70 percent lower absence rate among workers who had access to employer childcare than among those who did not (Bright Horizons Family Solutions, 2009). At **Red Lands Roses**, a floriculture business in Kenya, managers reported that unplanned leave declined by 25 percent within a year after childcare support was introduced (Hein and Cassirer, 2010). Similarly, **Safaricom** benefited from a decrease in absenteeism, tardiness, and management time taken to rearrange schedules at its Call Centre after a crèche was introduced. At **MAS Kreedha Al Safi-Madaba**, absences due to sick leave have fallen by 9 percent since the on-site crèche was opened in August 2016. The crèche also offers medical services, and parents can bring their children with mild illnesses. As a result, many fewer employees miss work when their children are sick.

**“The crèche was established to handle staff being MIA [missing in action]. It was especially a problem with new mothers. It has really helped reduce that a lot, so there’s more stability in the workplace. It also helps your motivation at work, knowing that the company cares and provides an extra service for free. Honestly speaking, I feel us mothers here are privileged. We are market leaders and others are trying to catch up.”**

Call Centre employee, mother, and crèche user, Safaricom, Kenya

**“With the crèche [from Mobile Creches], we do not have to worry. We do not have to be on edge all the time. Without the crèche, we worry: are the children eating mud?”**

Construction worker and mother, India

SOURCE: MOBILE CRECHES, 2008.

### Enhancing employee concentration, motivation, and productivity

When employees are worried about their children and low-quality childcare arrangements, their productivity can suffer. At **Safaricom**, staff at both the Call Centre and HQ offices report that having crèche facilities on-site improves their productivity because they feel more settled, can concentrate better, and are more focused on their tasks. A construction worker in India described what it was like for her before she benefited from childcare on the worksite, provided through **Mobile Creches**, a nongovernmental organization (NGO) that has worked for more than 40 years to improve the safety of children on construction sites in India: “With the crèche, we do not have to worry. We do not have to be on edge all the time. Without the crèche, we worry: are the children eating mud?”<sup>6</sup> **The Village Nut Company** started an on-site crèche to allow mothers to visit their children during work breaks and reduce their concern about the care of their children.

In a survey of large UK employers, over 40 percent noted that childcare problems were impacting them because of the tiredness, irritability, and stress they caused to employees (MORI Social Research Institute, 2002). Where childcare supports are offered, such work-family conflict may be reduced.<sup>7</sup> Managers and employees alike in the companies interviewed for this report could recite examples of workers who were stressed and less able to focus on the tasks at hand before childcare benefits were introduced, and on the reduction of this effect afterward. In a study of the

banking sector in Kenya, over three quarters of staff and managers reported that on-site childcare facilities were positively correlated with employee motivation (Simiyu, 2013). Researchers at **BASF** in Germany note that while such an effect may be hard to monetize, they also found a positive impact on motivation and commitment when BASF introduced on-site childcare, and that this effect included a better working environment because of reduced friction and stress between employees with and without children (Then et al., 2014).



PHOTO: GENTI SHKULLAKU/WORLD BANK

**“My wife’s work is less flexible than mine, she cannot drop a day’s work if our child is sick. Compared to my previous employer, where we had worries about what to do if childcare failed, now we have peace of mind, which makes me more productive. I can deliver my best at work.”**

Male senior manager and occasional crèche user, Safaricom HQ, Kenya

**“If we want gender diversity, we have to offer childcare: if women are forced to choose between work and childcare, they will choose their kids.”**

Jagannathan Chakravarthi, Chief Financial Officer,  
Mindtree, India

## INCREASED WORKFORCE DIVERSITY

Childcare benefits can promote women's career advancement and signal to women that parenthood is not a barrier to promotion. Across the world, women are often underrepresented in positions of corporate leadership (ILO, 2015). Evidence from developing, emerging, and developed economies shows that companies with greater gender diversity in corporate leadership financially outperform competitors (IFC, 2016a). Gender diversity can help improve customer retention, innovation, team performance, time to market, and recruitment and retention of employees (Hunt, Layton, and Prince, 2015; Diaz-Garcia, Gonzalez-Moreno, and Saez-Martinez, 2013; Hoogendoorn, Oosterbeek, and van Praag, 2013; IFC, 2013; Herring, 2009).

For companies such as **The Bank of Tokyo-Mitsubishi UFJ, Ltd.** in Japan and **Mindtree** in India, providing childcare benefits is a basic building block of their diversity strategy. At **Mindtree**, providing childcare is the first step to ensuring that women stay with the company. The next step is to convince working mothers that it is possible to take on increased responsibilities of a leadership position while being a parent. To encourage women to step up, Mindtree has

developed "Exuberance," a training and mentoring program for 100 high-potential women who are considering taking on middle-management positions. At **The Bank of Tokyo-Mitsubishi UFJ, Ltd.** providing childcare supports feeds into the company's goals of changing expectations of both women and men and the corporate culture so that motherhood and being a woman are no longer perceived as barriers for advancement. To this end, the Bank has implemented several strategies, including training for managers at all levels in ways to support parents at work, an extensive communication and mentoring program to showcase examples of women leaders, and a sustained program to encourage men to be more active parents. **Citigroup's** childcare benefits are part of its global diversity strategy of which gender is an integral part. Although benefits around childcare vary across countries in which Citigroup operates due to differing legal frameworks, Citigroup tries to encourage and support employees in their childcare needs as much as possible. Special activities and benefits can include discounts for childcare centers, sensitization trainings for managers and employees, increased flexibility for mothers to return on short-term assignments, and maternity and mental health tips.

**“Our goal is to create an environment where women can succeed without thinking, ‘This is because I am a woman,’ where they no longer feel that their gender matters, and they can continue to work just as their male colleagues.”**

Hiroshi Takekawa, General Manager of the Human Resources Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Japan



## Childcare in Rural Kenya: The Village Nut Company, Agro-Processor

Agriculture is an important source of income in Kenya and the sector employs a significant percentage of the country's rural population (FAO, 2014\*). Access to formal childcare is a challenge for Kenya's rural population, but The Village Nut Company is displaying some promising practices. The macadamia nut processing plant, a family-owned business, was set up in 2014 in Nyeri County, Kenya. The company sources from over 6,000 farmers and has around 100 employees, of which 60 percent are women. Eighty percent of employees are between 19 and 35 years of age and, as is common in the industry, are seasonal workers. The Village Nut Company is a client of Root Capital, a nonprofit investment fund, from which it has received annual loans for the purchase of macadamia nuts from farmers.

In addition to the loans, The Village Nut Company received a grant that it has used, among other things, to set up a childcare facility on its premises. Mary Muhara, Senior Manager at The Village Nut Company, described the company's motivation to provide childcare to its employees: "We want to have a positive impact on the community in which my siblings and I were born." In addition to the philanthropic aspect, there is a business need for agribusiness companies to retain their talent due to urban migration of young villagers. The Village Nut Company takes active steps to invest in its community and make employment in agribusiness attractive to youth by offering privileges that urban working counterparts receive, such as trainings, educational support, and childcare. It further supports its employees through a credit facility that helps employees save and borrow money for small side businesses and farming projects, and offers staff alternative occupations on the farm during off-season.

The Village Nut Company adds one more crucial benefit and support to its employees and the larger community: The company opened a daycare facility in May 2017 with a capacity for 15 children. In addition to the daycare for young children (under age three), the facility is setting up educational activities after school and on weekends and holidays for 30 older children (ages three to 13), including a library and arts and music classes. The Village Nut Company charges a small fee, including a monthly contribution of \$10 for meals and a fee for private music/art classes to cover the costs for the teacher.

The need for a childcare facility was revealed during a staff engagement survey that The Village Nut Company conducted together with Root Capital. It found that employees were worried about informal care arrangements for their children during working hours as younger children are often left with relatives, which is common but can be unreliable.

In addition to benefiting the community and well-being of local children, The Village Nut Company sees a clear business rationale for the daycare facility. Although the company is responsible for

*continued on next page*

\*FAO (Food and Agriculture Organization of the United Nations). 2014. *Country Programming Framework for Kenya 2014–2017*. Nairobi, Kenya: FAO. <http://www.fao.org/3/a-bp634e.pdf> (accessed September 18, 2017).



### Box 2.3 THE VILLAGE NUT COMPANY, continued

setting up and furnishing facilities, staff and teacher salaries, and running costs, it expects its investments to increase staff productivity, retain skilled workers (specifically female workers with children), and lower turnover costs. The facility is likely to benefit female employees more, as they are often primary caregivers who need to manage childcare, household chores, and work at the processing plant.

The Village Nut Company was willing to take a new path to increase the satisfaction and productivity of its employees while giving back to the community. It positioned itself as an employer of choice for working parents and acts as a role model for other mid-sized companies in the agribusiness sector.

The Village Nut Company demonstrates that the positive impact on employees and communities does not have to be related to the location or size of a company but the vision of its leadership.



CHILDCARE CENTER AT THE VILLAGE NUT COMPANY.

Note: Text box information is based on a phone interview with Mary Muhara, Senior Manager at The Village Nut Company, conducted by Nathalie Hoffmann in April 2017. Further information included in the text box is taken from the Root Capital website (Root Capital, n.d.).

**“Childcare is one of the strategies that Citi is working on as part of its diversity strategy to keep women and men engaged, to retain women and support them in reaching senior leadership positions.”**

Juliana Gonzalez, Citigroup Diversity Lead for Latin America

## CORPORATE SOCIAL RESPONSIBILITY

For many companies, investments in childcare are an important part of their corporate social responsibility (CSR) agenda. CSR is becoming increasingly important in emerging and developed economies, whereby companies voluntarily integrate social and environmental standards into their operations (as opposed to being required to do so by legislation) to make a positive contribution to sustainable development. CSR initiatives on childcare may form part of a company's commitment to sustainable practices in their own operations (e.g., internal worker welfare initiatives) or may form part of its community engagement approach (e.g., support for childcare in the community). Either



way, CSR can improve companies' general reputation by demonstrating a commitment to responsible business practices, which can enhance their profile with investors, consumers, and other stakeholders (IFC, 2016b, 2013; Goyal, Rahman, and Kazmi, 2013; Du, Bhattacharya, and Sen 2010; Galbreath, 2010).

Childcare has been recognized as a key plank in global CSR initiatives to promote women's economic empowerment. Several of the companies profiled in this publication, including **Borusan Holding, Care.com, Danone, MAS Holdings, Natura Cosmeticos, PepsiCo, Safaricom, Sumitomo Chemical, and Unilever**, have signed up to the UN's Women's Empowerment Principles (WEPs), which provide both a platform for companies to pledge their commitment to women's empowerment and guidance on empowering women in the workplace, marketplace, and community. Part of the WEPs Principle 2 on "Equal Opportunity, Inclusion and Non-discrimination" is the commitment to "Support access to child and dependent care by providing services, resources and information to both women and men" (UN Global Compact, 2017). To date, almost 1,500 business leaders globally have signed the WEPs.



**"We wanted to do something to enhance women's employment, something that could serve working women's needs nationwide. So we approached the Ministry of Families and Social Policy to discuss how we could make such a contribution to society."**

Canan Ercan Çelik, Chairwoman of Borusan subsidiary Borusan Danışmanlık and Secretary-General of the Borusan Kocabıyık Foundation

Some companies have launched childcare initiatives as part of their corporate commitment to gender equality. For **Borusan**, women's economic empowerment has always been an important focus area for the company's philanthropic and CSR initiatives, which enhance the company's reputation and highlight its commitment to making a positive contribution to Turkey's future development. Through its not-for-profit Borusan Kocabıyık Foundation, Borusan has committed up to 5 million Turkish lira (\$1.4 million) for the construction of childcare facilities in organized industrial zones (OIZs) to support higher levels of women's employment in Turkey. This philanthropic initiative in the wider community is delivered through a public-private partnership between the Borusan Group, the Ministry of Families and Social Policy, and the Ministry of Science, Industry and Technology.

PHOTO: DOMINIC CHAVEZ/INTERNATIONAL FINANCE CORPORATION

## IMPROVED COMPLIANCE

Investments in childcare may be a necessary response to legislation. In several countries around the world, employers are required by law to provide childcare to their employees (see Box 1.1). Demonstrable compliance with such laws, and labor laws more generally, is not only a basic requirement for doing business; it can also help companies access new markets and buyers or open new sources of finance and investment (UN Global Compact, 2017). For **MAS Kreedat Safi-Madaba** in Jordan, compliance with national legislation is a basic requirement for maintaining commercial relations with its major international buyer. Going beyond compliance allows the company to raise its profile as a reliable and high-quality business partner to its buyers.



PHOTO: ROBERT SPASOVSKI/INTERNATIONAL FINANCE CORPORATION

In some cases, there is industry-specific regulation of childcare in the workplace. In India, many construction workers are women, and typically they are migrant workers who have their children with them when they work (Hein and Cassirer, 2010). In 1996, a law was passed requiring developers on construction sites to provide a room with access to water and ventilation, as well as a helper, to look after children while their parents work. For this reason, several companies in the industry work with **Mobile Creches**, which trains women to be childcare workers, works with construction companies to pay for their services, and makes sure that safe spaces are provided for the children. Although compliance with the law is low, according to Mobile Creches, the industry's growing professionalization has improved attention to reputational issues—accidents, particularly of children, can be a major liability—and has led to a growing number of forward-looking construction companies meeting their obligations under the law.

On-site childcare can be essential to prevent accidents and comply with health and safety regulations more generally when children are present at or near a workplace. Without on-site childcare on **Afrifresh's** farms in South Africa, children who live on farms with their parents could be exposed to a number of serious hazards on the farm, including chemicals, dams, trucks, and heavy machinery. In addition to potential injury for children, these hazards could also lead to medical expenses, fines for noncompliance with Occupational Health and Safety (OHS) regulations, and other legal liability for the company. A lack of appropriate safeguards could also damage Afrifresh's access to markets: the company targets high-value export markets for its products, which commonly require suppliers to demonstrate strict compliance with national legislation and international codes of conduct.

## ENHANCED EMPLOYEE RELATIONS

The need for childcare supports often becomes clear when employees raise it with management. Trade unions in several countries are recognizing and supporting their members' needs for better childcare support and may put childcare supports on the negotiating agenda, not only at the national

## Danone Nutricia ELN in Italy: Tackling Italy's Low Female Employment Rate Through Maternity Benefits

One of Danone's divisions is Early Life Nutrition (ELN), focused on the well-being of children, with 16,000 employees worldwide and about 300 employees and affiliates in Italy. Danone Nutricia ELN in Italy committed in 2011 to promote maternity in the workplace given that Italy's female employment rate (47.1 percent in 2013) is considerably below the EU-27 average (58.6 percent in 2013) (European Commission, 2013) and one out of three women quit their jobs after motherhood (Manageritalia/Istat, 2010). The company introduced the Baby Decalogue Program in 2011, which features 10 simple rules that support maternity and paternity in the workplace. Danone also launched a welfare initiative, which includes both support for its own employees (a net annual financial benefit that allows employees to choose benefits from a menu including wellness, health coverage for family members, education and training, childcare, eldercare, or supplementary pension) and interactions with the Ministry of Labor and Social Policy to inspire welfare legislation stabilization in Italy. By supporting its working parents, the company has seen an increase in its maternity return rate and in the number of female managers and directors. The company was awarded Italy's Best Workplace by the Great Place to Work Institute from 2013 through 2017, and recently experienced the lowest absenteeism rate ever. The program also inspired Danone's global parental policy (see Box 2.5).

or sectoral level but also within companies (Hein and Cassirer, 2010; TUC, 2006). The Turkish **Borusan Mannesmann** steel pipe plant offered childcare subsidies in response to requests from workers who approached the company about help to reduce childcare costs so their wives could seek employment. **Schön Klinik Neustadt** began offering its childcare benefits when employees raised the difficulties they had with finding childcare at nonstandard hours at an event with the group director.

### IMPROVED COMMUNITY RELATIONS

Investing in childcare can improve public relations by contributing to local economic development and bolstering an image of the company as a caring employer. Industrial conglomerate **Borusan** is cooperating with the Turkish

government to build crèche facilities in OIZs. "We wanted to do something to enhance women's employment, something that could serve working women's needs nationwide. So we approached the Ministry of Families and Social Policy to discuss how we could make a contribution to society," explained Canan Ercan Çelik, chairwoman of Borusan subsidiary Borusan Danışmanlık and secretary-general of the Borusan Kocabıyık Foundation. Brazilian ethanol producer **Biosev** responded to a request from the mayor of Rio Brilhante, a city near one of its plants, to contribute the building materials for two new early childhood education (ECE) centers. As one of the largest employers in the region, Biosev is aware of the potential investment benefits for the development of the next generation.



## Danone UK: “Our family-friendly policies help us attract the best employees”



PHOTO: JIG/TOM GRILL/GETTY IMAGES

Danone is a leading global food company headquartered in Paris, France. The company employs 100,000 employees worldwide across four business lines: Plant-Based and Essential Dairy, Early Life Nutrition (ELN), Waters, and Advanced Medical Nutrition (AMN). In the UK, Danone employs approximately 1,880 people across its four divisions, with women representing just over 60 percent of workers.

Danone UK has received positive public recognition for its family-friendly policies and benefits. In 2016, its ELN division was ranked the 10th best medium-sized workplace in the United Kingdom by Great Place to Work, and in 2017 earned “laureate” status for having been ranked in their best workplaces list for five consecutive years. In 2013, the company received the Times Top 50 Employers for Women award, as well as the Workingmums.co.uk Top Employer Award for Family Support, which rewards employer best practices on work-family life balance. The company’s objective is to be known by consumers and employees alike as a “family hero” by 2020, aiming to be among the top 10 percent of employers in the United Kingdom regarding maternity benefits and shared parental pay.

Danone’s approach is underpinned by a belief that, in addition to enhancing the company’s credibility and reputation, supporting families is the right thing to do, all the way from childcare to eldercare. Additionally, Danone sees a strong business rationale for supporting employees who have care responsibilities. This is particularly the case in the ELN division, where the official mission is “To make every day count for you and your baby.” A more family-friendly approach also helps the company attract and retain the best talent by making it stand out from its competitors and win motivated candidates who are attracted by these values.

Benefits offered by Danone for employees with childcare and other care responsibilities include a generous maternity leave entitlement and shared parental leave, both of which are enhanced above the United Kingdom’s statutory requirements. During maternity and shared parental leave, the first 20 weeks are at full pay, along with employee bonuses and flexible working arrangements available in both the pre- and post-natal periods. According to internal company data, this results in nearly 100 percent of women returning to work following maternity leave, usually to a new role

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#### **Box 2.5** DANONE UK, continued

or a promotion. The company also participates in a government-led scheme for childcare vouchers, which can reduce childcare costs by half for employees by using salary sacrifice. Around 10 percent of employees currently benefit from this scheme, about a third of whom are men.

Danone UK's ELN division has also piloted a partnership with MyFamilyCare, which provides a variety of support services for employees requiring childcare or eldercare. This includes a care search service on reliable, trustworthy care options in their local area, a hotline for employees with questions or concerns about their caring requirements, and an emergency care plan, which provides employees with access to back-up childcare or eldercare within two hours in case of unexpected gaps in care arrangements. Around 27 percent of ELN employees currently take advantage of MyFamilyCare's services.

This approach was further reinforced at a global level in 2017 with the adoption of Danone's first global parental policy, which aims to provide a consistent standard of support to all new and expectant parents across the organization's global workforce. "Starting a family brings many joys and challenges to those wanting to build successful careers," Lorna Davis, Chief Manifesto Catalyst at Danone, said. "Our parental policy aims to give everyone the opportunity to achieve their personal, family and professional ambitions, irrespective of gender. This is one way Danone promotes equality worldwide."

## **INVESTMENT IN THE FUTURE WORKFORCE**

Investments in early childhood development through childcare services benefit individuals, families, communities, and the economy. Investment in quality childcare during the early years of a child's development, when the brain is highly responsive to the emotional, physical, and social environment, has proven to have long-term impacts on the cognitive, emotive, and social skills of youth and adults and allow individuals to fulfill their full potential (Berlinski and Schady, 2016; El-Kogali and Krafft, 2015). Some employers are coming together to motivate improvements in the early care and education infrastructure to ensure that there is a quality workforce to draw on in the future (Stevens, 2017; Watson, Frank, and Krumpal, 2017). These efforts by employers recognize that large-scale changes often require cooperative efforts (Hein and Cassirer, 2010). At the same time, such

efforts raise the profile of the participating companies and show them to be leaders of their communities. For **Grupo M/Codevi** in the Dominican Republic and Haiti, improving the long-term well-being of the children of employees through quality ECE was an important goal of its investments in childcare facilities. **ReadyNation**, a nonprofit business membership organization that advocates for investments in early care and education with the goal of enhancing the workforces of future generations, currently has more than 1,700 executive members from firms around the world. ReadyNation has assisted business leaders with the establishment of coalitions in Australia, Europe, Romania, and Uganda, and facilitates relationships between business leaders, large international foundations, and the United Nations (ReadyNation International, 2016).







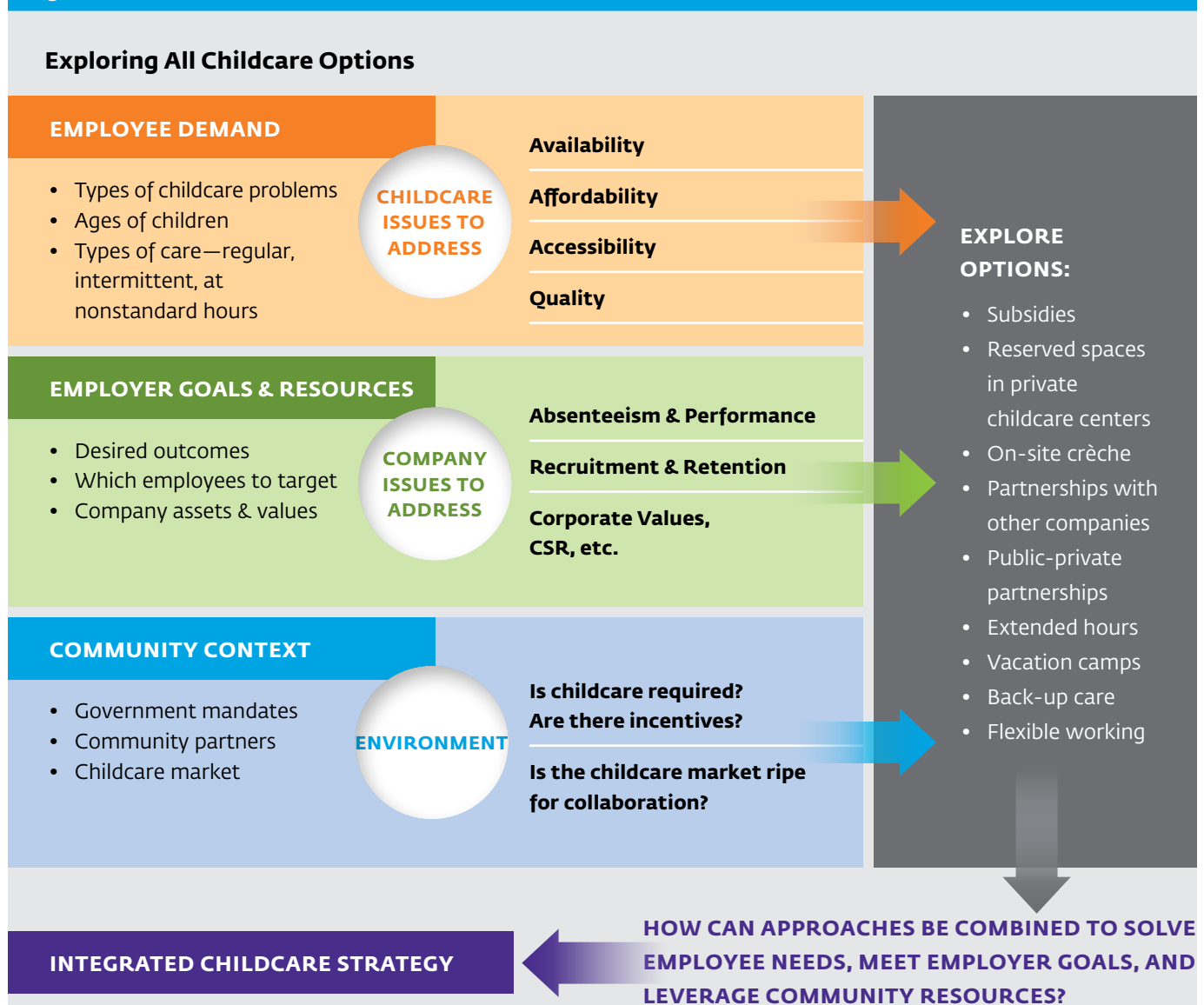


# Designing a Childcare Strategy

Companies have many options when designing a childcare strategy. They may decide (or be required by law) to operate a workplace crèche, work with other employers to

set up a crèche or to improve the area's existing childcare infrastructure more broadly, subsidize the cost of childcare, supplement childcare provisions during hours when normal

Figure 3.1a



## SECTION 3 *continued*

centers are closed, make existing care more visible through a referral service, or reduce the need for childcare through flexible working arrangements. Designing a strategy involves assessing employee and business needs and reviewing options for meeting those needs.<sup>8</sup>

### ASSESS EMPLOYEES' NEEDS FOR CHILD CARE

Gathering information about the demand for childcare, including parental preferences regarding how care is provided, and the supply of childcare services, including the implications of possible gaps in childcare provision locally, is important in deciding whether and how to offer childcare supports (Burud, Aschbacher, and McCroskey, 1984).

#### Four dimensions of childcare support

Employee preferences are an important component of understanding the potential demand for employer-supported childcare. Reflecting cultural and social norms, parents' demands for childcare can be considered across four dimensions (see Figures 3.1a and 3.1b):

- **Availability**
- **Affordability**
- **Accessibility**
- **Quality**

Parents will consider each dimension when deciding on childcare arrangements and employment. Demand for any employer option will also depend on the extent to which workers find their current childcare satisfactory or perceive the company's childcare offerings as preferable. The demand for childcare may not only come from parents who face barriers in accessing care; it can also come from employees who are planning to start families or from potential employees the company wants to attract.

**Availability** captures both the overall supply of childcare services in the local labor market and whether childcare is available when parents need to work. In many parts of the world, parents face long waiting lists and limited options,

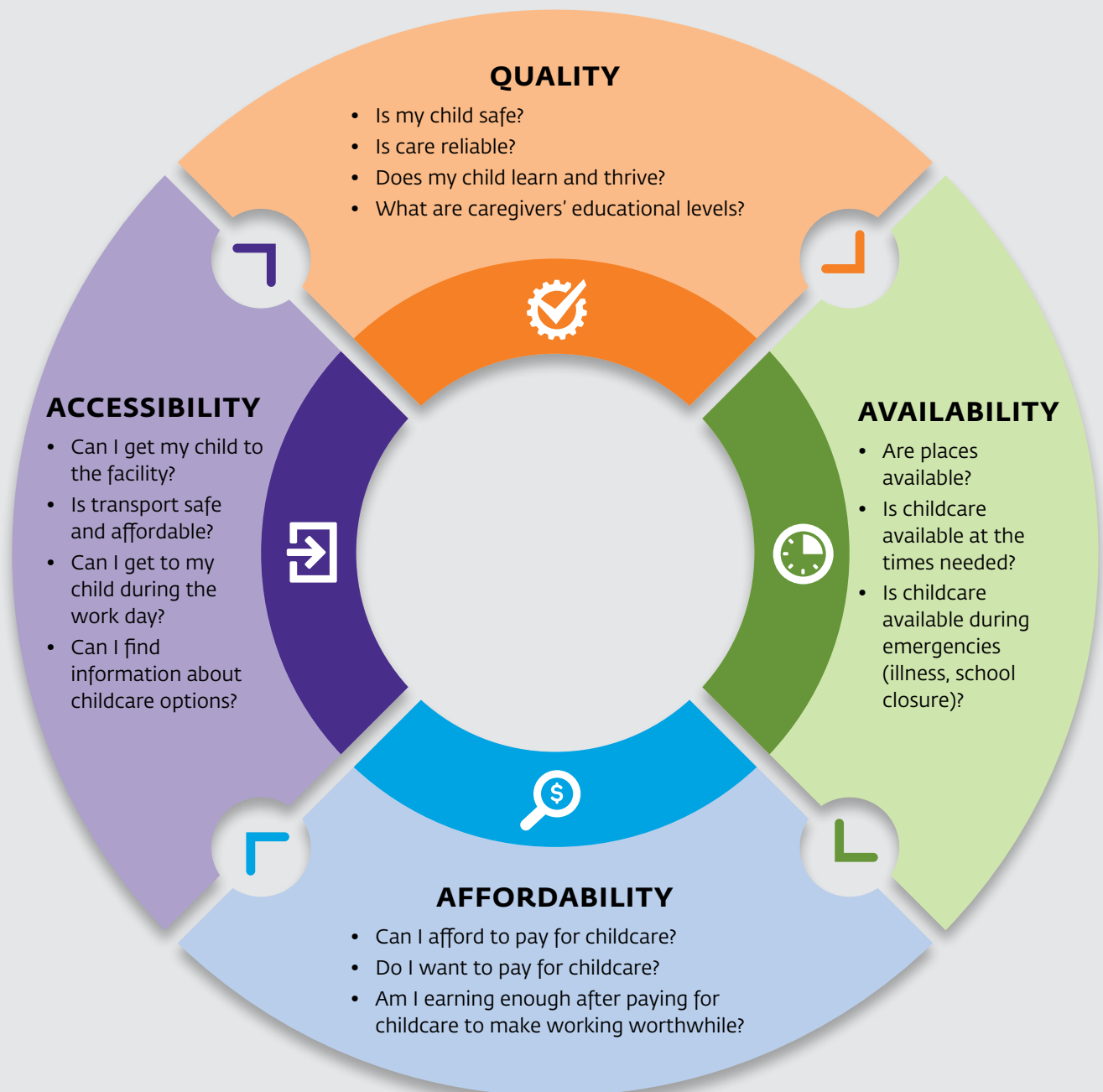
particularly for children younger than three years of age (Hein and Cassirer, 2010). Even in areas where ECE and care are relatively widely provided, parents often have difficulty finding care outside normal working hours. For example, after substantial investments in early care and education in Germany over the last decade, the gap between the demand and supply of education and care for children under age three has fallen substantially. More than half of those whose childcare needs are not met require care outside of the 8 a.m. to 5 p.m. core hours (BMFSFJ, 2017). Parents may also have difficulty finding care when schools are closed or when a care provider is suddenly unavailable.

**Affordability** assesses the childcare costs. Although childcare may be available, high costs can discourage parents from using external childcare.<sup>9</sup> In a recent UK survey of mothers of children under age 10, over 40 percent said that the cost of childcare was the biggest barrier for them to work at all or work the number of hours they wanted to (Cory and Alakeson, 2014). For women with more than one child and women in low wage jobs, the cost of care can easily become a disincentive for staying in employment. A recent World Bank (2015) study of childcare in Turkey found that, although childcare services were available at the hours and for the ages of children that working mothers may need, take-up was low because these services were typically only available from private providers and the cost of care was perceived as too high compared to the potential earnings of mothers. Parents' inability to pay for childcare was one of the main reasons why **Borusan Mannesmann** decided that the most effective support for working parents in its blue-collar workforce was a childcare subsidy.

**Accessibility** captures the ease and safety with which childcare can be reached. Many workers do not live near their place of work. In urban areas, getting to work can involve long commutes, which workers might not consider safe or healthy for a child. Transport issues are particularly acute in rural areas, where options for travelling between the home, a crèche, and the workplace may be nonexistent, constrained, or overly time consuming. Although some companies located in remote areas organize bus transport for their workers, the buses are typically designed for adults. Preferences for the

Figure 3.1b

### Understanding the Demand for Childcare: The Four Dimensions of Childcare Support



## How Culture Can Influence Childcare Choices

In designing a childcare strategy, leading employers often consider the strong influence of social and cultural norms, which can vary substantially between countries. Employee demand for employer-supported external childcare may be limited in some cultures, because of perceptions that family members provide the highest quality care, particularly for infants. Across all cultures, young women ages 15 to 29 are particularly likely to say they would prefer to combine parenthood with paid work: 59 percent in Northern, Southern, and Western Europe; 58 percent in South-Eastern Asia and the Pacific; and 52 percent in the Arab States (Gallup and ILO, 2017). Many parents cannot afford not to work, and may be reluctant to use childcare or leave children in a situation they perceive as unsatisfactory or dangerous (Samman, Presler-Marshall, and Jones, 2016). However, once parents have achieved higher levels of household income, they (particularly mothers) may withdraw from work rather than leave their children in a situation that they (or their family) perceive to be suboptimal.

Perceptions of what is acceptable with respect to childcare are often influenced by broader social attitudes toward women and work. In a recent multi-country survey, most respondents in all countries surveyed agreed that employed mothers can have as warm and as strong of a relationship with their children as mothers who do not work; however, the level of support varied considerably between countries, from just over half of adults surveyed in Chile, to closer to two-thirds of respondents in Argentina, China, and India, three quarters of respondents in South Africa, and more than eight in 10 respondents in France and Taiwan (Child Trends and Social Trends Institute, 2015). A study in Turkey found that fathers tended to be much more skeptical of the benefits of ECE and care than mothers (World Bank, 2015).

In some companies, cultural norms clearly affected the availability of childcare options for working parents and how companies presented childcare options to workers:

- Parents at **Schön Klinik Neustadt** reported receiving negative reactions from a publicly run preschool when they asked whether school buses could be organized to take children home at 3 p.m.—the middle of their working day. The preschool staff made it clear that they thought mothers should be available to pick up their children, and refused to help.
- In recognition of the broader social and family environment, **Mindtree** explicitly reached out to the families of women who were considering putting their children into the company's workplace crèche, knowing that for childcare support to function smoothly, the whole family needed to be convinced of the quality of care the children would receive.

Expectations of and by men to play a greater role in parenting are increasing. Across the world, there is some evidence that gaps in unpaid care work are slowly narrowing, particularly in high-income countries (Heilman et al., 2016):

- At **Akamai**, a substantial number of fathers have used the emergency back-up care benefit.
- At **Safaricom**, both female and male employees take advantage of the on-site crèche.

continued on next page

### Box 3.1 CULTURE INFLUENCE, continued

- At **The Bank of Tokyo-Mitsubishi UFJ, Ltd.**, men are beginning to use childcare leave but continue to be much less likely to do so than women.

Cultural preferences may also impact the viability of other types of services. Back-up care services are one example. In recognition of the productivity costs of short-term unanticipated absences due to childcare breakdowns or child illnesses, employers such as **Akamai**, **Pinterest**, and **Schön Klinik** are working with networking platform providers that link employees to babysitters and other care providers. Although these benefits are popular in the U.S. and some parts of Europe (where available), similar benefits offered by **The Bank of Tokyo-Mitsubishi UFJ, Ltd.** have had a lower take-up rate among employees because it is culturally less acceptable to use a stranger for childcare in one's home.

location of childcare may also change with the child's age. For parents of infants and toddlers, proximity to the workplace may be particularly important, especially for mothers who are still breastfeeding. Indeed, childcare statutes in Chile, India, and Jordan mandate that crèches are located at or near the workplace so mothers can visit their children several times during the day (World Bank Group, 2018). Transporting children can become more cumbersome when they are older, in which case parents may prefer care closer to home, particularly if they have family or neighbors who can drop off or pick up the child from the facility.

**Quality** captures perhaps the widest range of factors, starting from basic safety to broader developmental elements, such as whether the child is learning and developing his or her cognitive and emotional skills. In higher income countries in particular, the provision of care in crèches is regulated, with governments determining the maximum group size, ratio of children to caregivers, caregiver qualifications, and physical environment (World Bank Group, 2018). Yet, even when such standards are formally upheld, the quality of care can vary substantially. Finally, quality of care can include whether parents have a voice in how childcare is provided.

Companies can address each of these dimensions at different levels, depending on business priorities and parents' childcare preferences and needs. For example, in terms of affordability, a company may decide to carry all costs of a service, share the costs with employees, or provide larger subsidies to

**“The childcare subsidy I receive is important, because it reduces the financial burden a little, but also because I see the difference in my child. She is five and a half and can already read!”**

A male technician at Borusan Mannesmann

some employees than to others. Few companies can offer quality of childcare at the level of **Natura Cosméticos**, a Brazilian cosmetics company. New mothers at Natura receive free childcare until their children reach the age of four (the start of universal preschool education in Brazil) in a well-equipped, purpose-built on-site crèche with highly trained early childhood educators and options that include infant massages. Similarly, **Goldman Sachs**, a global investment banking and securities firm, followed a high-quality strategy when it established a childcare facility in India in 2011. The crèche, which has room for 90 children, has a high teacher-child ratio, is staffed by qualified teachers, uses state-of-the-art child-friendly furniture, and follows a high allergen-proof health and safety standard in all materials used. Providing on-site childcare is part of the company's diversity and inclusion strategy, and is combined with other women-focused programs, such as a maternity management program.

Table 3.1

### Considerations for Determining Childcare Needs

Guiding questions	Considerations
<b>A: What is the potential size and nature of the demand for childcare?</b>	<p><b>How many employees have children (under three, preschool-age children, school-age children)?</b></p> <ul style="list-style-type: none"> <li>• What types of employees have childcare issues and what types of issues do they face?</li> <li>• Which departments have the highest number of employees with children?</li> </ul> <p><b>Is the demand for childcare likely to change in the future?</b></p> <ul style="list-style-type: none"> <li>• Is the company pursuing a growth strategy that may involve recruiting employees with childcare demands?</li> <li>• What is the likelihood that additional employees will become parents (age structure of the workforce)?</li> <li>• Will there be a need to replace retiring workers with younger employees of childbearing age?</li> <li>• Is the workforce made up of mostly local or migrant workers (who migrated without their children)?</li> </ul>
<b>B: What are the gaps in existing childcare services?</b>	<ul style="list-style-type: none"> <li>• How do parents currently fill their childcare needs, such as through family members, commercial center care, or home-based care?</li> <li>• What are their preferences for childcare services?</li> <li>• What is the availability of local childcare services and how developed (or underdeveloped) is the childcare market?</li> <li>• What are the biggest barriers to accessing childcare—cost, waiting lists, reliability, quality, location, transport?</li> <li>• When is childcare needed—full-time or part-time, during vacation periods, outside of normal childcare hours (early, late, weekends), in emergencies?</li> </ul>
<b>C: What is the potential impact of childcare constraints on the business?</b>	<ul style="list-style-type: none"> <li>• Are absenteeism rates particularly high for parents of young children? What is the impact of absences or distractions on output and quality?</li> <li>• How many employees have left because of childcare issues? How easy is it (and how much does it cost) to replace an experienced employee?</li> <li>• How are recruitment, productivity, errors, accidents, turnover, performance, tardiness, and/or morale impacted by childcare challenges?</li> <li>• Is the company having trouble increasing gender diversity, particularly among women who have or want to start a family?</li> <li>• How do the company's existing benefit offerings compare with those of competitors?</li> </ul>



Although **Goldman Sachs** focuses on returning mothers, many fathers also use the facility.

On the other hand, **Afrifresh** operates in a market with much tighter profit margins, and its crèches focus on providing basic care for children and making sure that children are kept out of harm's way. Some of these crèches are partly funded by fees from employees.

### Information gathering on employees' needs for childcare

Companies find it useful to keep all four dimensions of childcare—availability, affordability, accessibility, and quality—in mind as they evaluate the demand for childcare among their workforce. When assessing their employees' childcare needs, and determining their response, many companies have found it useful to consider the questions listed in Table 3.1.

Employers can use several methods to collect input on childcare needs and expectations (Figure 3.2). Ideally, employers will benefit from designing their childcare strategies based on both quantitative and qualitative inputs.

Employee demographic data may indicate demand. The number of employees who have been on maternity or paternity leave, together with employee turnover data, provides an estimate of the number of employees with young children. Employee data may also indicate the typical ages at which women and men become parents. Many companies provide healthcare benefits to employees' family members, and this may be another source of information on the number of children employees have (although, in the United States, where healthcare coverage extends until children are 26 years old, it may not be of much practical use). Analysis of data on absences and involuntary employee turnover can give indications of sections and departments that may need to be targeted for support.

Employee surveys of either all employees or of a targeted sample can be a good option, if resources are available. Such surveys can be anonymous and can provide companies with data that is relatively easy to collect and analyze, and demographic information that is not otherwise easily

Figure 3.2

### Sources of Information for Assessing Employees' Needs for Childcare



accessible (Burud, Aschbacher, and McCroskey, 1984). Conducting a survey is also a good way to communicate to employees that the company cares about them and their families. Yet, as Michaela Preis, Human Resources Manager at **Schön Klinik**, explained, "Conducting a survey about childcare needs raises employees' expectations that we will do something to address these needs. We encourage our subsidiaries to conduct surveys every few years, but only if they are willing to act on the results." **The Bank of Tokyo-Mitsubishi UFJ, Ltd.** began its strategy with a survey of female employees, asking women to identify how the company could support their careers and advancement at the company. As a result of the responses, the Bank changed its parental leave policy, provided childcare subsidies, and offered an array of working time options. Employees of **The Village Nut Company** raised the need for a childcare facility during a staff engagement survey that the company conducted together with **Root Capital**. The survey found that employees worried about informal care arrangements for their

### SECTION 3 *continued*



PHOTO: SPEEDKINGZ/SHUTTERSTOCK.COM

children during working hours. Although older children go to the local school, younger children were often left at home with other relatives, which is common but can be unreliable. However, employee surveys may not always give an accurate assessment of demand for a new benefit; respondents may change their perception of the desirability of a childcare benefit once it has been introduced. At **MAS Kreedha Al Safi-Madaba**, for example, a much larger number of women wanted to use the crèche once they had seen it operate than had indicated in prior surveys.

Focus groups, although less comprehensive, offer an opportunity to dig down into employees' attitudes and expectations of childcare. Focus groups are typically conducted as small group discussions with no more than 10 to 15 employees. They can be an alternative source of information on the needs and preferences of employees and may be good complements to a survey for collecting insights. Focus groups

can help tease out differences in preferences for childcare between different groups of employees and may also help to assess whether parents who are currently using some form of childcare are likely to switch to company-provided care.

Apart from establishing the need for childcare, focus groups can be a good way to gather examples of the impact that lack of access to reliable childcare has on productivity and quality of production. Such examples may be helpful when communicating the need for childcare supports to other company stakeholders, such as middle and senior managers, who may be skeptical of the need for childcare investments. Real-life stories can be persuasive, especially when combined with data.

Successful focus groups include women employees with children as well as fathers and employees without children to provide a broader perspective. Unlike surveys, focus groups are

not anonymous and require some trust from participants, as well as someone who is skilled in conducting such discussions. Like surveys, they will communicate that the company is taking childcare concerns seriously, and are likely to raise expectations.

Insights from line managers in parts of the company where turnover is high or where there are absenteeism or punctuality issues can be a less formal way to gather information on childcare barriers. Apart from gathering information from managers, such interviews provide an opportunity to communicate to managers that tackling childcare is a legitimate management concern. Exit interviews may also help determine whether childcare difficulties contributed to an employee's decision to leave. Managers focusing on recruitment may have good insights into the expectations of candidates and how the company compares to its competitors.

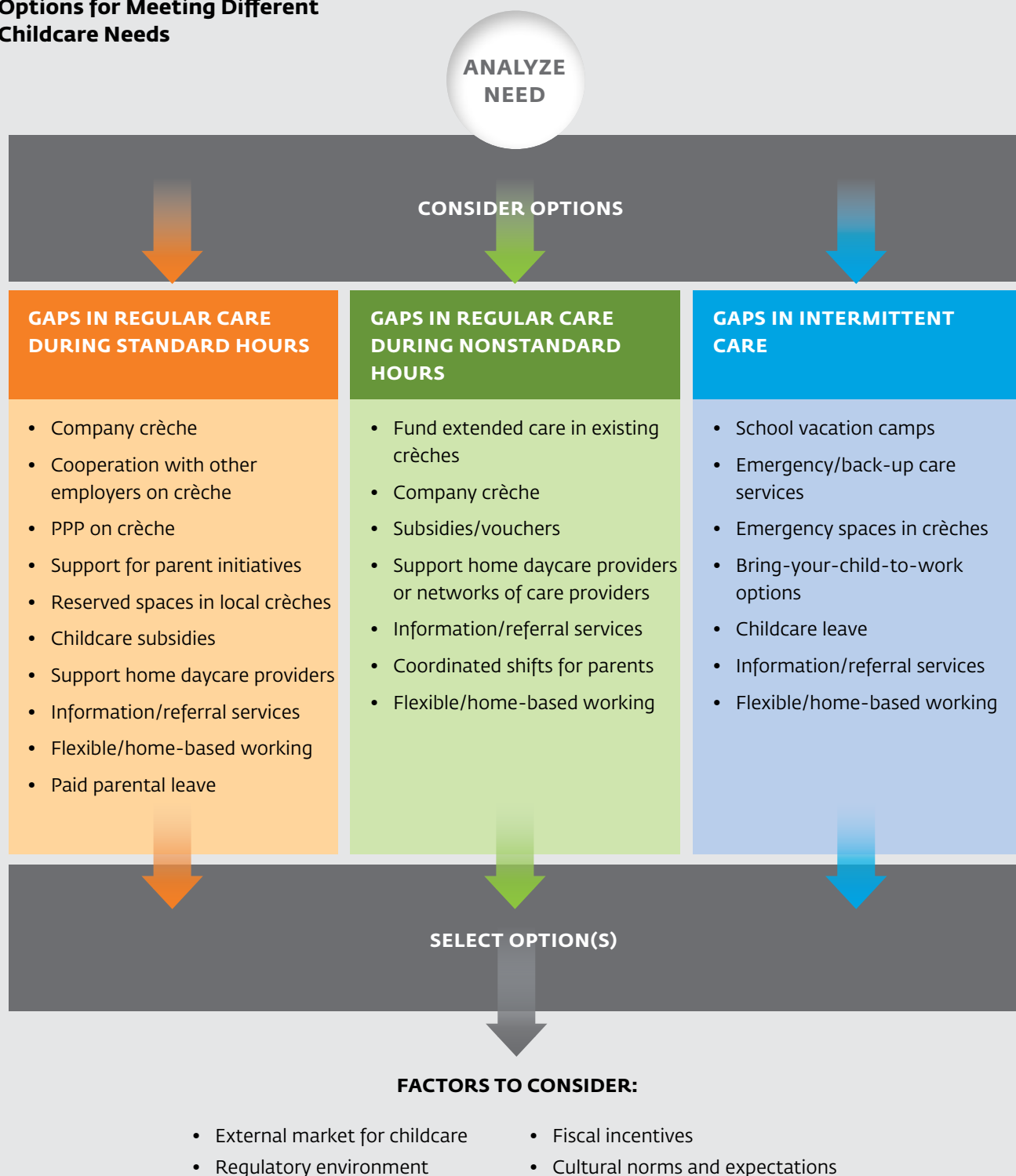
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Industry and national survey data can also inform decision making. **Akamai**, which regularly benchmarks its compensation package against other employers in the IT sector, realized that it needed to add care support to its benefits package to be competitive. It worked with **Care.com** to decide on how much back-up care to provide. Care.com works with many similar companies and, based on its experience in the sector, could suggest the appropriate level of investment. Unions and employer associations may also be a good source of advice on how to estimate demand in the absence of comprehensive employee data. In Germany, for example, both the DGB, the Trade Union Federation, and the IHK, the Chamber of Trade and Industry, offer resources to employers interested in providing childcare (BMFSFJ, 2013), as does NASSCOM for the IT industry in India (NASSCOM, 2017). Similarly SADAQA, a Jordanian NGO founded in 2011 with a mission to improve workplace supports for women, was an invaluable source of technical assistance and guidance for **MAS Kreeda Al Safi-Madaba** when the company built its workplace crèche. On a more informal basis, scanning whether and how other local employers are addressing childcare needs may also provide valuable feedback on designing a benefit. Employers may also be able to rely on guidance from the government, as is the case in Malaysia where the Companies Commission of Malaysia provides guidance to employers that are interested in supporting childcare (SSM and UNICEF, 2010).

Analyzing the outcomes of all the information will help a company get a sense of the need. It will also help confirm that childcare is indeed the solution to the problem they are trying to address. Women with children may have high turnover rates for reasons unrelated to childcare, such as low wages, limited access to promotions, poor or inflexible working conditions, an unsupportive working environment, or problems with a particular line manager or department. Although in such a case childcare supports may be welcome, their impact will remain limited if underlying problems remain unaddressed.

Figure 3.3

## Options for Meeting Different Childcare Needs





## REVIEW OPTIONS FOR MEETING EMPLOYEES' NEEDS FOR CHILDCARE

After determining employees' need for childcare, a company may find it useful to consider options for meeting the need—i.e., regular care, care during nonstandard hours, or intermittent care. Each of these needs can be met with a variety of options (Figure 3.3). The feasibility of the options will depend on the childcare environment in which the company operates. Many options designed to address childcare needs during standard hours can also help address childcare during nonstandard hours (such as early morning, evening, night, and weekend work).

### Options for meeting regular childcare needs

#### ON-SITE CHILDCARE

Company crèches at or near employees' workplaces can make a powerful statement about the company's values and support to the current and future generation of employees and to the wider public. On-site crèches can have high visibility, both to current employees and beyond, which makes them a powerful recruitment and retention tool and an attractive manifestation of many firms' CSR agendas. But workplace crèches can also be resource intensive and expensive to set up and run; moreover, having a workplace crèche in all locations in which a company operates may not be feasible, potentially raising issues of fairness. (Annex B describes key factors for companies to consider when deciding whether to provide on-site childcare.)

One benefit of employer-run crèches is that hours can often be extended to match the working schedule; indeed, this is often one of the driving motivations for establishing on-site care. **Hindustan Unilever's** on-site crèche is open from 8:30 a.m. to 8:30 p.m., and offers after-care options for school-age children. Parents working the 6 a.m. shift at **Pandurata Alimentos Ltda. (Bauducco)** can drop their children off at the Amor y Paz daycare center beginning at 5:15 a.m. At **Nalt Enterprise**, the on-site crèche stays open later when workers need to work overtime hours; similarly, at **Afrifresh**, crèche hours are extended during peak harvesting season.



PHOTO: COLOMBIA BANCAMIA/INTERNATIONAL FINANCE CORPORATION

Depending on business resources and employee and business needs, some companies can partner with local childcare providers and/or subsidize the cost of the crèche instead of offering it for free. To minimize the day-to-day administrative costs of running its six daycare facilities, and to provide the best early education and care possible, **Sumitomo Chemical** outsourced daycare management to a licensed, third-party childcare provider. Users pay a small portion of the fee, which is lower than fees at government-run facilities. Through its childcare initiative, the company has also created jobs for daycare managers, caregivers, and other support staff, employing a total of 80 staff across the six facilities.

On-site company crèches also give parents proximity to their children, especially infants, and allows employees to check in on their children during breaks. **PepsiCo Pakistan's** headquarters daycare facility, founded in 2011 and catering to children up to 12 years of age, operates Monday through Friday, from 9 a.m. to 7 p.m. This state-of-the-art daycare facility allows employees to observe their children through webcams and software installed on their work PCs. Women mention the company's childcare initiative as a key reason to

Table 3.2

**On-Site Childcare**

Questions	Advantages	Considerations
<p><b>What are the legislative requirements?</b></p> <p><b>What are the industry norms?</b></p> <p><b>Are there at least 20–30 children needing care to warrant the investment in a purpose-built crèche?</b></p> <p><b>How easy and safe is transportation to the center?</b></p> <p><b>Is the working environment safe (e.g., nontoxic)?</b></p> <p><b>Is space available and affordable, given regulations?</b></p> <p><b>Are there potential commercial or nonprofit partners to start or run the crèche?</b></p> <p><b>Are grants and tax incentives available to affray costs?</b></p> <p><b>What share of the costs can/ shall be collected from users?</b></p>	<ul style="list-style-type: none"> <li>• High degree of control over childcare standards and operation of center</li> <li>• May be cost-effective long term considering the return on investment (ROI)</li> <li>• High internal and external visibility</li> <li>• Encourages retention and employee loyalty, and improves productivity and operational stability</li> <li>• May increase employee cohesion and sense of shared community</li> <li>• Expands the stock of childcare spaces</li> <li>• Can accommodate nonstandard working hours</li> <li>• Mix of children across different economic and social strata</li> </ul>	<ul style="list-style-type: none"> <li>• Potentially high start-up costs</li> <li>• Potentially resource intensive</li> <li>• Potentially high liability, requires adequate risk management</li> <li>• May be difficult to expand</li> <li>• May require prioritization of childcare spots, which could raise fairness concerns</li> <li>• An operating subsidy, which can be income-based, is required to make parent fees affordable</li> </ul>

keep working at PepsiCo, which is reflected in the company's high retention and maternity return rates. Other companies offering on-site childcare, such as **MAS Kreedaa Al Safi-Madaba**, **Mindtree**, **Safaricom**, and **Schön Klinik Neustadt**, also noted that parents highly value the chance to visit their children during the working day.

When sufficiently subsidized and of good quality, on-site company crèches tend to have the greatest perceived value to employees and the highest return to the company of all the options (see Table 3.2).

Supporting shared care arrangements between parents can be a cost-effective alternative to operating a full on-site crèche. Such options are particularly popular in Germany, where companies often provide a space for a crèche and pay for some staff, while parents manage the center and typically provide some of the childcare themselves. Such a model can work in combination with flexible working options for parents who are not in full-time employment (BMFSFJ, 2013). **Marriott Hotels** in New York City had a comparable initiative that allowed female housekeepers to collectively provide care for their children. Women arranged their shifts so one of them



was always off and available to provide care for her own as well as for the children of her colleagues.

A neighborhood-based family daycare network can supplement a worksite crèche, giving additional capacity and flexibility. In some countries, this small group care (usually for six or fewer children, or, with an additional adult, up to 12 children) is regulated, although many operate under the radar. When a company creates or supports a network of family daycare homes, it typically assists the provider in getting registered (which means meeting basic safety requirements) and offers training and sometimes a toy or equipment lending service. More sophisticated networks occasionally bring the providers together to create a social network, enhancing stability among caregivers. Big city hospitals have created family daycare networks to accommodate the long shifts that are problematic for childcare center scheduling and create care options close to home. **Kidogo**, a social enterprise that

provides high-quality, affordable early childhood care and education for families, is providing women with training and resources that allow them to offer good in-home childcare in low income urban areas in Kenya (Kidogo, 2017).

## COOPERATION WITH OTHER COMPANIES

Companies that do not need many childcare spaces can cooperate with other companies to provide a childcare facility in a cost-effective manner (Table 3.3). In Chile, Jordan, and Turkey, childcare law explicitly allows employers to provide childcare jointly. **Pandurata Alimentos Ltda. (Bauducco)** collaborated with 10 other employers in the late 1980s to start the Amor y Paz nonprofit crèche close to its São Paulo factory. At the time, many collective agreements covering factories in São Paulo included a clause to provide childcare for mothers returning to paid work, so they could be close to their children and breastfeed until the child reached eight

Table 3.3

### Partnerships with Other Employers to Expand Childcare

Questions	Advantages	Considerations
<p>(In addition to Table 3.2)</p> <p><b>Are other employers in the vicinity interested in sharing a crèche?</b></p> <p><b>Is a shared crèche an option for meeting employer childcare mandates?</b></p> <p><b>How will the companies share the organizational and administrative tasks of overseeing a joint crèche?</b></p> <p><b>Is it possible to subcontract crèche management?</b></p>	<ul style="list-style-type: none"> <li>• Shared investment and operating costs</li> <li>• Can be cost effective if there is low demand for childcare within each company</li> <li>• High visibility</li> <li>• Shared liability</li> <li>• Encourages retention and employee loyalty</li> <li>• May fulfill legislative mandates and industry-specific regulations, where applicable</li> <li>• Can adapt to rising and falling demand within each company</li> </ul>	<ul style="list-style-type: none"> <li>• Requires close collaboration with nearby businesses</li> <li>• May require considerable management time and resources</li> <li>• Low degree of control over childcare standards that meet preferences of individual companies</li> <li>• Considerable financial investment</li> <li>• Lack of sufficient spaces</li> </ul>

months. Pandurata Alimentos Ltda. (Bauducco) and its partner companies took this clause as an incentive to develop more systematic childcare options, providing care until the child reached school age (at that time, six years). The partnership continues to be mutually beneficial; using an external childcare provider, Pandurata Alimentos Ltda. (Bauducco) can offer high-quality childcare with manageable administrative costs and liability concerns, and Amor y Paz benefits from having guaranteed clients and longstanding cooperation on fundraising and building community relations.

PUBLIC-PRIVATE PARTNERSHIPS

Public-private partnerships (PPPs) can provide opportunities for companies to partner with governmental organizations to expand the supply of childcare (Table 3.4). Successful examples of this approach include **Biosev**, **Borusan**, and **Schön Klinik**.

The feasibility of a PPP approach depends on the public sector’s policy priorities, resource base, and willingness to work with private employers.

**Schön Klinik** partnered with the city of Neustadt to build a new on-site crèche for children younger than three on the hospital grounds. The company provided the land and paid most construction costs; the city has leased the property for 25 years and is responsible for all operations, including employing the childcare teachers. According to the crèche director, partnering with the local government significantly reduced the regulatory obstacles that Schön Klinik otherwise would have faced, reducing the planning and construction time to just nine months. Schön Klinik employees are guaranteed 10 of the 20 infant and toddler places. Users pay fees directly to the center, and the city and Schön Klinik share any costs not covered by fees or federal and local subsidies.

Table 3.4		
Public-Private Partnerships to Expand Childcare		
Questions	Advantages	Considerations
<p>Is there an option to work with your city or local government to expand childcare provision?</p> <p>Will the public provider be able to prioritize spaces for employees? Can public providers expand hours of care to fit with early/late shifts?</p> <p>Do government agencies have the necessary administrative capacity and resources to engage in a PPP?</p> <p>Is there overlap between the company’s CSR agenda and the government’s policy priorities on childcare or women’s employment?</p>	<ul style="list-style-type: none"><li>• May reduce regulatory obstacles</li><li>• May be cost effective long term</li><li>• High internal and external visibility (including profile with government)</li><li>• Liability is covered by public provider</li><li>• Little management time after setup</li><li>• Expands the stock of childcare spaces</li><li>• Likely well-trained educators</li><li>• May allow flexible use over time</li><li>• May have tax benefits</li></ul>	<ul style="list-style-type: none"><li>• Potentially high start-up costs</li><li>• May be difficult to expand</li><li>• Depends on quality of public sector relationship</li><li>• Longer-term projects depend on continuity of policy priorities</li><li>• May have limited input on who gets a space</li><li>• Low degree of control over childcare standards and other aspects of care unless negotiated</li></ul>

**"I approached local childcare centers saying: I am responsible for the well-being of 40 kids. What services can you offer us? It gave me considerable negotiating power, but, of course, with power also comes responsibility to help the centers perform."**

Zayit Damar, Human Resource Manager  
at Martur's Kütayha plant

PPPs can also be an effective vehicle for companies who have placed support for childcare on their CSR agenda. **Borusan** has embarked on an ambitious PPP to build up to 10 crèches in OIZs to promote women's economic empowerment in the manufacturing industry and Turkey more generally. According to the PPP's memorandum of understanding, the government selects the location of the crèches according to the actual and potential levels of women's employment, and the Borusan Kocabiyik Foundation (the company's charitable foundation) finances the construction of the crèches, with additional funds provided by Borusan Group companies for toys and equipment.

Because childcare needs can fluctuate over time, the agreement might include a minimum commitment of spaces with the option to use more as needed. It could also stipulate care standards and hours of service.

#### **RESERVED PLACES AT AN EXTERNAL CHILDCARE CENTER**

To provide childcare to its employees in smaller locations where a dedicated crèche may be too expensive or not available, a company can reserve a set number of spaces in commercial (or public) crèches (Table 3.5). Reserving spaces also shares the risk of fluctuating demand for services between the company and the childcare provider. The

Australian bank **Westpac** meets the childcare demands of its employees in this manner; **Mindtree** follows this strategy in its locations outside its HQ site in Bangalore, as does **Pandurata Alimentos Ltda. (Bauducco)** in São Paulo. It can be a cost-effective means of equalizing access to childcare benefits for employees who are not located at a central site that offers an on-site crèche.

The feasibility of this option requires reliable quality childcare providers who are interested in such an arrangement. For **Pandurata Alimentos Ltda. (Bauducco)**, the lack of a partner to provide childcare has been a major constraint in its efforts to provide childcare beyond its central site in São Paulo. An important part of **Martur's** childcare strategy is developing the capacity of local childcare centers. Zayit Damar, Human Resource Manager at Martur's Kütayha plant, recounted, "I approached local childcare centers saying: I am responsible for the well-being of 40 kids. What services can you offer us? It gave me considerable negotiating power, but, of course, with power also comes responsibility to help the centers perform." As part of the strategy, Martur is working to build up the overall demand for childcare in the town and has successfully reached out to other employers who may benefit from supporting their employees' childcare needs.



PHOTO: IWAN BAGUS/INTERNATIONAL FINANCE CORPORATION

Table 3.5

**Reserved Spaces in Commercial or Nonprofit Crèches**

Questions	Advantages	Considerations
<p><b>Are there quality commercial or nonprofit providers open to a reserved spaces arrangement?</b></p> <p><b>How easily can the number of reserved spaces be increased or reduced?</b></p>	<ul style="list-style-type: none"> <li>• Predictable costs</li> <li>• Low liability</li> <li>• Potentially more flexibility in relation to where employees live</li> <li>• Provider carries risk of utilization (beyond reserved spaces)</li> <li>• Low administrative demands</li> </ul>	<ul style="list-style-type: none"> <li>• Requires well-developed childcare market or competent partner for investing in new centers</li> <li>• Less impact on corporate cohesion and values</li> <li>• Less control over standards and type of services</li> <li>• Less influence over opening times and other practices</li> <li>• Addresses availability of care, but not cost or quality</li> </ul>

This approach creates access to spaces and, when coupled with a subsidy, can also address affordability. Otherwise, its value will be limited to employees who can afford the full cost of care and the business benefits (recruitment, retention, attendance, etc.) will be limited to these employees as well.

### **CHILDCARE SUBSIDIES, VOUCHERS, AND REDUCED RATES**

The cost of childcare is a major barrier to employment for many workers. Several companies respond to this issue by providing subsidies to lower childcare costs (Table 3.6). To ensure that its nightshift workers have adequate childcare, **Mindtree** covers the costs of babysitting or center care for its female nightshift workers, in addition to helping them identify possible centers that provide care at nonstandard hours. Companies in countries such as Chile, France, and the United Kingdom often offer vouchers as a means of lowering childcare costs (Hein and Cassirer, 2010). **The Bank of Tokyo-Mitsubishi UFJ, Ltd.** makes subsidies available to all employees with children up to age nine (the third grade of elementary school) and offers higher subsidies to working

mothers with children under the age of one in recognition of the high cost of infant care. **Akamai** employees in the United States receive a 10 percent discount for crèches working with Care.com. **Pandurata Alimentos Ltda. (Bauducco)** in Brazil uses its negotiating power to get lower rates for employees who would like to use particular centers outside its main site.

**Borusan Mannesmann** provides a monthly subsidy to its predominantly male blue-collar workforce to care for children between the ages of three and six years. To apply for the subsidy, workers demonstrate that their children are enrolled in kindergartens or preschools and that their spouse is in formal employment, thus benefiting not only the company's direct employees, but also supporting workers' wives to engage in formal paid employment.

In Chile, providing vouchers to registered crèches is one of the options under the law for providing childcare supports. **Citigroup Chile** supports the childcare needs of its female employees with children under the age of two by, for example, subsidizing monthly childcare costs at a center or at home, the annual childcare center enrollment fee, and monthly transport

Table 3.6

### Childcare Subsidies, Vouchers, and Negotiation of Reduced Fees

Questions	Advantages	Considerations
<p><b>Is cost a major barrier for employees? Or is it lack of acceptable care?</b></p> <p><b>Are there options to negotiate lower fees for employees instead of subsidies?</b></p> <p><b>What is the tax treatment of childcare subsidies?</b></p>	<ul style="list-style-type: none"> <li>• More predictable costs</li> <li>• Easy to administer</li> <li>• Can expand or contract based on demand</li> <li>• Low liability</li> <li>• Can be made available across multiple work sites</li> <li>• Gives employees greater choice of providers</li> <li>• May have tax benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Low visibility to employees and broader community</li> <li>• Low degree of control over childcare standards offered by external providers</li> <li>• Requires well-developed childcare market</li> </ul>

costs to the childcare facility. **Citigroup Mexico** negotiated a rate for its employees at a childcare facility in Monterrey, and employees pay the reduced rate directly to the childcare provider. **Martur** offers its female and male employees in Turkey a 25 to 30 percent discount in private preschools; however, for most of its manual workers, even with this discount, fees are still considered as unaffordable.

Providing childcare subsidies can be a cost-effective option for employers, and it grants the recipients flexibility in selecting a childcare provider that meets their expectations and needs. However, it may not be a good option for businesses in areas with few quality childcare providers.

#### Options for meeting intermittent childcare needs

The need for intermittent childcare falls into two broad categories: situations that can easily be planned for, such as preschool and school holidays; and those that are less easy to plan for, such as the breakdown of usual childcare arrangements or the illness of a child. Several options address such situations—for example, expanding workplace crèche

provisions during school vacations, allowing parents to work from home during emergencies, and providing back-up care. Many companies, by mandate and/or as part of their general benefits package, also provide paid leave days when children are sick, so parents can care for their children, such as **Sumitomo Chemical's** nursing care leave and childcare leave, which are available to all employees. Various case study companies featured in this report have also successfully implemented school holiday camps, emergency care services, back-up care, and bring-your-child-to-work facilities.

#### SCHOOL VACATION CARE

Many working parents struggle to cover their childcare needs during school breaks (Table 3.7). **Martur** offers summer camps for its employees' children; additionally, the factory is closed for two to three weeks each summer, allowing parents to look after children while schools are closed. **Pandurata Alimentos Ltda.'s (Bauducco)** employees in Brazil are entitled to 30 days paid leave and can match their summer vacations to their children's holidays; summer is not a peak time for the company, so such absences are possible. The factory is also

Table 3.7

School Vacation Camps

Questions	Advantages	Considerations
<p>Is it difficult for parents to find care during school vacations?</p> <p>Are there alternative options, such as term-time working, which allow parents to provide care during school vacations?</p> <p>Can a summer camp be organized in the workplace crèche?</p> <p>Are there potential partners to run a summer camp?</p>	<ul style="list-style-type: none"><li>• Control over childcare standards and program design</li><li>• High internal and external visibility</li><li>• Can be particularly effective at reducing absenteeism</li><li>• Can increase employee cohesion</li></ul>	<ul style="list-style-type: none"><li>• May require external provider</li><li>• May require well-developed childcare market</li><li>• Can carry liability and require risk management</li></ul>



PHOTO: DIEGO CERVO/SHUTTERSTOCK.COM

closed the week following Christmas, another period when schools are closed. However, the opposite is true for **Schön Klinik**. The need to provide care around the clock does not diminish during the summer months; indeed, **Schön Klinik Neustadt's** location in a tourist area means that the hospital is particularly busy during school vacations. The commercial or public provision of summer camps during the six-week summer break is limited in large parts of Germany, leaving few options for parents. Schön Klinik's camp began as a pilot program at one of the Group's hospitals in 2010, and is now offered at all locations. Schön Klinik works with a small women-owned consulting firm that is responsible for finding camp locations and hiring staff to run the camps, thus limiting the company's administrative burden.

EMERGENCY/BACK-UP CARE SERVICES

Childcare arrangements can break down at short notice due to illness or unplanned circumstances (Table 3.8). Back-up care services are designed to provide parents with an alternative care option at short notice so they do not have to miss work (Mercer, 2008).



The advent of online networking platforms that link people looking for babysitting or childcare with individuals interested in offering such services has greatly expanded the options for providing such supports. **Akamai**, for example, is working with Care@Work to provide its employees with 15 days of subsidized back-up care. All of **Akamai's** employees can register for free and use Care.com's services to find a babysitter or caregiver, and pay for their services at a subsidized rate. **Care.com** screens individuals offering services on the platform as well as people looking for in-home care to ensure safety for both parties. The Care.com service also allows parents to take their children on an emergency basis to one of a network of crèches that work with Care.com, again at a subsidized rate.

**Danone UK** works with **MyFamilyCare**, an external service, to provide employees with access to back-up childcare or

eldercare within two hours, in case of unexpected gaps in care arrangements. The emergency care service may be paid for by the company, subject to approval by managers. U.S.-based banking and financial services firm **JPMorgan Chase & Co.** offers back-up care benefits globally, and 13,000 employees are enrolled (in 2015, they used 105,000 childcare-related back-up days). When the parents who used this benefit were asked what they would have done without back-up care, 80 percent responded that they would have taken unscheduled time off from work and 77 percent also reported that they were better able to focus at work. Thus, an investment in back-up childcare positively affected employees' productivity. It helped employees avoid absenteeism and contributed to improved retention.<sup>10</sup>

**Table 3.8**

### Back-Up and Emergency Care Services

Questions	Advantages	Considerations
<p><b>Is there a company that can provide reliable back-up care?</b></p> <p><b>Is there scope for cooperation with other employers to provide back-up care (by directly contracting with emergency caregivers)?</b></p> <p><b>Are employees comfortable with using unknown babysitters?</b></p> <p><b>Does the crèche have capacity to provide emergency drop-in services?</b></p> <p><b>Are there flexible work options (e.g., shift swapping) to help parents address emergencies themselves?</b></p>	<ul style="list-style-type: none"> <li>• Can help reduce absenteeism</li> <li>• Can be made available to all, including those with eldercare needs</li> <li>• High visibility internally</li> <li>• Can benefit from specialized professional expertise of provider</li> <li>• Provider can bear administrative burden, rather than the company</li> </ul>	<ul style="list-style-type: none"> <li>• Requires qualified external provider</li> <li>• Depends on supply of care workers</li> <li>• Take-up will vary based on preferences/comfort level of parents</li> </ul>

## SECTION 3 *continued*

**Schön Klinik** is working with a private provider to offer similar back-up services for employees in two of its locations, both in large cities. An attempt to extend the service to a mother working in the more rural Neustadt location was unsuccessful since there simply was no supply of caregivers during the times she needed the service. Schön Klinik is currently working with its care service provider to explore other options for back-up care, such as building a network of child minders. Such an approach has been successful since 2007 in Emsland, Germany, where the local government, a foundation, and employers got together to set up a network of child minders or daycare providers who can provide care at short notice. The costs of the service are carried by the employers (Holz, 2011).

Workers may be able to use an on-site crèche, where they exist, for back-up or emergency care. **Safaricom** has found that its on-site crèche is particularly busy during school holidays and weekends, and many employees value the option to use the crèche as back-up care when children are ill.

### BRING-YOUR-CHILD-TO-WORK OPTIONS

From its inception, **Mindtree** allowed parents to bring their children to work when needed. When Mindtree moved into larger purpose-built premises, it created a “Baby’s Day Out” area, a large room equipped with mats and toys for children, as well as several work stations for parents to log onto their computers. Parents are responsible for supervising their children, but there is at least one helper who can provide

“During school holidays in particular, it is buzzing with children here—it creates a feel-good factor.”

Rosalee Kombial, Mindtree’s Associate VP of People Function

some back-up care. The facility is particularly well used during vacation periods. In the words of Mindtree’s Associate VP of People Function Rosalee Kombial, “During school holidays in particular, it is buzzing with children here—it creates a feel-good factor.” At **Safaricom**, all staff at the company’s HQ offices can bring their children to work at any time and use the company’s Resource Centre, office space, or computer stations. This is primarily used by staff with older children, who need less supervision.

The feasibility of a bring-your-child-to-work option depends on a working environment that is safe for children, and work activities that allow parents to multitask, staying with their children while they work. **Schön Klinik**, for example, offers a bring-your-child-to-work room at its administrative HQ. However, in its hospitals such an option is not practical as parents cannot bring their children along when working with patients.

### Options for facilitating parental caregiving

Instead of, or as a complement to, providing childcare supports to parents, companies can also offer benefits that allow parents to care for their children themselves.

### MATERNITY, PATERNITY, AND PARENTAL LEAVE

Paid maternity leave is a statutory entitlement for employed women in almost all countries. Although not as widespread, a growing number of countries also provide paid paternity leave around the time of birth and, for adoptive parents, around the time of adoption (Addati, Cassirer, and Gilchrist, 2014). Beyond such leave, many countries provide additional job-protected parental or childcare leave. Research is clear that women who have access to job-protected maternity/parental leave are more likely to return to their employer after childbirth (see Hegewisch and Gornick (2011) for a review).

**Danone** recently introduced a basic right to fully paid leave for its employees globally. It offers 18 weeks for birth parents who are primary caregivers, 14 weeks for adoptive parents who are primary caregivers, and 10 days for parents who are secondary caregivers (Scott, 2017). **Sumitomo Chemical** offers working



PHOTO: COURTESY OF MINDTREE

fathers five consecutive days of paid leave around childbirth, and all employees can take an additional 28 days of paid leave per child. For mothers, this is in addition to the government-mandated 98 days of paid maternity leave. Global furniture retailer **IKEA** recently expanded its parental leave benefits to include paid maternity and paternity leave; for example, in Malaysia, mothers receive four months, and fathers four weeks of paid leave, and in the United States, mothers and fathers can take up to four months of paid parental leave.<sup>11</sup>

A growing body of research on fathers and parental leave documents the benefits for child development and gender equality (Huerta et al., 2013). Fathers who take parental leave are more likely to spend time on childcare and household tasks later (Bünning, 2015; Tanaka and Waldfogel, 2007). Yet, given strong social norms favoring mothers over fathers as primary caregivers in most countries, and the gender wage gap, which means that women typically earn less than their

male partners, when leave is allocated to a couple rather than each parent individually, fathers typically take little or no leave. Gender inequality in parental leave taking exacerbates gender discrimination in the workplace. Whether a woman decides to have children or not, employers may perceive her as likely to become a mother at some stage and be less available at work. Policies that provide an individual paid leave entitlement to both mothers and fathers have proven effective in increasing men's take-up of leave (Castro-García and Pazos-Moran, 2015).

**The Bank of Tokyo-Mitsubishi UFJ, Ltd.** in Japan and **PwC** in the United States actively encourage men to use paid parental leave. PwC conducted an extensive communication and team development initiative to increase the take-up of leave by men, and in 2015, 61 percent of new fathers made full use of PwC's six-week paid leave entitlement. **The Bank of Tokyo-Mitsubishi UFJ, Ltd.** uses its internal communication

## SECTION 3 *continued*

channels to highlight examples of fathers who take leave. It also has a campaign to increase male employees' awareness of the impact of their participation in childcare and domestic work on their wives' ability to participate in paid work.

Recognizing the importance of equalizing parental leave,

**Pinterest** updated its leave policy in 2015 to give new parents equal paid time off after childbirth (16 weeks each, up from 12 weeks). The company also offers new mothers and fathers four weeks of flex time after they return from parental leave, allowing them to gradually phase back into work while receiving full pay. Pinterest finds that many fathers take both full leave and flex period.

### MATERNITY LEAVE RE-ENTRY

Several companies have programs to help mothers return to work after maternity leave. In fast-paced industries, taking leave for several months or more can cause mothers to lose touch—or, perhaps as importantly, to be perceived as losing touch by their line managers—with the latest technical developments. Both **Mindtree** and **The Bank of Tokyo-Mitsubishi UFJ, Ltd.** use apps to allow their female employees to maintain their skills while on maternity leave. The apps are designed to overcome the “out of sight/out of

mind” effect and remind line managers to prepare for the employee's return to work. At the Bank, line managers also receive training to conduct developmental conversations with returning mothers that acknowledge the life-changing circumstances brought by parenthood, but assure them of their value and place in the company.

### BREASTFEEDING

In recognition of breastfeeding's health benefits for both children and mothers, many countries mandate employers to allow mothers to breastfeed or extract milk. Policies include reduced working hours and/or making available safe, private, and hygienic areas where mothers can breastfeed or extract milk, and a safe hygienic space to store extracted milk (Addati, Cassirer, and Gilchrist, 2014). Companies that offer on-site or near-site crèches typically include an area where mothers can breastfeed. For **MAS Kreeda Al Safi-Madaba**, this has successfully reduced the time women take off after giving birth. **Mindtree**, and many other leading IT companies in India, also provide such facilities (NASSCOM, 2017). **HP** in India found that providing such a facility for nursing mothers was effective in increasing rates of return after maternity. Apart from providing a safe space for individual women, it also gives new mothers an opportunity to network and support each other.

At **Martur**, the location of childcare facilities makes it impractical for mothers to visit and nurse their infants during working hours, but the company provides a lactation room in its healthcare facility. Going beyond statutory requirements in Turkey, **Borusan** has put in place breastfeeding and lactation rooms at all Group locations, regardless of the number of female employees. In Kenya, **Safaricom** has been a pioneer in providing lactation rooms across company offices, also regardless of the number of female employees.

**Pinterest updated its leave policy in 2015 to give new parents equal paid time off after childbirth (16 weeks each, up from 12 weeks). The company also offers new mothers and fathers four weeks of flex time after they return from parental leave, allowing them to gradually phase back into work while receiving full pay.**

## Childcare in the STEM Industry: Sumitomo Chemical Company, Ltd., Japan

Sumitomo Chemical, a chemical company headquartered in Japan and member of the IFC-led Tackling Childcare Partnership, recognizes the business benefits of attracting and retaining working parents. The company employs 9,012 workers in Japan, of which 1,452 (16 percent) are women, and 18 percent of permanent employees have children under age five.

Support to working parents is part of the company's overall strategy to meet its gender diversity and women in leadership targets. To encourage and enable parents, particularly working mothers, to stay employed, Sumitomo Chemical offers an extensive set of childcare-related benefits, including subsidized on-site and near-site childcare facilities in six locations, catering to 180 children up to age five of 144 employees (27 women, 55 men, and 31 couples). Sumitomo Chemical is encouraged that more men than women utilize its childcare facilities, which can help redefine caregiving roles and enhance gender diversity in the company, in the Japanese chemical industry, in science, technology, engineering, and mathematics (STEM) occupations, and in the larger Japanese society. As a result of targeted measures, the number of men taking paternity leave at Sumitomo Chemical has increased, from 2.1 percent (18) of all the working fathers who were eligible to take paternity leave in FY2011 to 9.8 percent (101) in FY2015.

In addition to childcare facilities, the company offers various support services for nursing or expectant mothers, including a maternity return and reemployment system, telecommuting, and reduced working hours. The company offers various forms of leave, such as 98 days of paid maternity leave and five days of paid paternity leave, which can be combined with an additional 28 days of paid leave per child. Parents can take 28 consecutive days in full, or can break it up into four tranches of seven days each until the child reaches age three. In addition, paid nursing care leave is available to employees when taking care of sick family members (up to 20 days per event).

Sumitomo Chemical has noticed positive business benefits as a result of these efforts. As the company's General Manager for Employee Welfare noted, "Providing an adequate environment for our employees to continue their careers and fulfill their roles as parents brings greater employee satisfaction and productivity." Since the childcare facilities were launched in 2008, the share of women among new Sumitomo Chemical recruits in Japan has steadily increased. The percentage of women in the company's workforce has grown from 11.8 percent, or 970 women of 8,210 employees, in 2009 to 13.6 percent, or 1,159 women of 8,521 employees, in 2016 (excluding part-time employees). Sumitomo Chemical also experiences a consistently high maternity return rate. Between 2004 and 2016, 329 women went on maternity leave and 294 (almost 90 percent) of them returned and were still employed a year later. Anecdotal evidence suggests that although these might be the results

*continued on next page*



### Box 3.2 SUMITOMO CHEMICAL, continued

of several complementary initiatives, childcare is an essential component of Sumitomo Chemical's strategy for recruiting and retaining the best talent and fostering gender diversity. In recognition of its support to working parents, the company received the *Kurumin* Mark in 2008, 2012, and 2015 from the Japanese Ministry of Health, Labour and Welfare and became certified as a company that supports childcare and meets the government's criteria.

Moving forward, Sumitomo Chemical recognizes that its six childcare facilities are operating at almost full capacity and the demand for childcare services will further increase. The company is now in the process of discussing how best to move forward to meet increased demand for services. It is also considering collecting more comprehensive gender-disaggregated data on the success of its existing daycare facilities, including data on employee satisfaction and retention, and using this data to strengthen the case for expanding childcare support to meet increased demand.



PHOTO: COURTESY OF SUMITOMO CHEMICAL COMPANY, LTD.

SUMITOMO CHEMICAL'S CHILDCARE FACILITY IN OSAKA, JAPAN.

Note: The information presented here is based on interviews conducted by Rudaba Zehra Nasir with Jung Eun (Angela) Lee, Manager at Sumitomo Chemical America, and data gathered throughout 2017.

## FLEXIBLE WORKING ARRANGEMENTS

Greater control over starting and finishing times, shifts, number of hours, and location of work can help parents manage childcare agendas, and can bring employers considerable business benefits (Bouzol-Broitman et al., 2016; Hein and Cassirer, 2010) (Table 3.9). Although workplace flexibility is more commonly associated with professional and office workers, there are successful examples of providing some schedule flexibility for a broad range of work situations, including front-line and shift workers (Sloan Center on Aging and Work, 2017; Swanberg et al., 2011). Many companies combine childcare supports with other policies that enable parents to balance work and family responsibilities. Flexible working can be a low-cost and impactful option for improving recruitment and retention (SHRM, 2015; Kelly, Moen, and

Tranby, 2011; Kossek and Hammer, 2008). It also improves morale and conveys a culture that values diversity.

Flexibility to work when and where they see fit (with few exceptions) is a key benefit for **Akamai** employees. Telework, the ability to work virtually at least part of the time after maternity leave, in emergencies, when school is closed or children are ill, or on a regular basis, is crucial for Akamai employees who are parents. Yet, being able to work when and where one chooses can also make it difficult for parents to feel that they have the right to switch off and not work. To recognize family space, Akamai discourages meetings and email use in the early evening hours, when many parents may want to have dinner with their families. Likewise, as far as possible, work on weekends is discouraged.



Table 3.9

### Flexible Working Arrangements

Questions	Advantages	Considerations
<p><b>Can flexible starting hours, part-time/reduced hours, or remote working make it easier for parents to manage childcare responsibilities?</b></p> <p><b>Can flexible options be used for childcare emergencies?</b></p> <p><b>Are there regulatory/tax barriers or incentives to flexible working?</b></p> <p><b>Are there ways to prevent stigma against employees who take advantage of flexible working arrangements?</b></p> <p><b>Are there scheduling options to help employees provide childcare for each other?</b></p>	<ul style="list-style-type: none"> <li>• Low-cost</li> <li>• Positive impact on retention and motivation</li> <li>• May incentivize parents to return to work sooner after having a child</li> <li>• Can provide win-win opportunities for extending operating times</li> <li>• Technological advances will continue to make flex work and telework options more efficient and effective</li> <li>• May be an option for covering emergencies</li> <li>• Telework can expand the labor pool across geographies</li> </ul>	<ul style="list-style-type: none"> <li>• Coordination and scheduling may be human resource intensive</li> <li>• Must be available equitably</li> <li>• May contribute to scheduling issues (e.g., bottlenecks in service provision)</li> <li>• Telework may not be possible for employees who do on-site work (e.g., factories)</li> <li>• Flexible working without downtime and some schedule control can lead to stress and reduced productivity</li> </ul>

**Westpac** has been providing childcare support as part of its basic benefit package since the early 2000s. At the heart of the company's diversity strategy are its efforts to create a truly flexible work culture that allows employees to advance and succeed at work while fulfilling their caregiving responsibilities. Westpac offers a broad range of flexible working options that are open to all employees, irrespective of childcare or other responsibilities (Westpac, 2017). **Citigroup** has a comprehensive flexible work policy, also available to employees returning from maternity leave, to help improve the work-life balance. Flex work is a common practice at its branch in Chile, where 65 percent of employees have a remote work structure, working one to five days a week from home. Although **Pandurata Alimentos Ltda. (Bauducco)** and **Biosev** would like to increase part-time and flexible working

options at least for its office-based workers, such options are comparatively restricted under Brazilian labor law (IFC, 2017).

When **The Bank of Tokyo-Mitsubishi UFJ, Ltd.** surveyed its female employees, it found that customary long working hours were nearly as serious a constraint to new mothers in deciding whether to return to work as was lack of childcare. To encourage new mothers to return to work, the Bank allows parents to work reduced hours until their child reaches age nine, the third grade of elementary school (legally such options are only required until a child is age three). In addition, the Bank encourages all workers to go home on time. Tackling working hours is an important component of the Bank's diversity strategy—as long as women are the only ones who work shorter hours because of their childcare responsibilities, it is unlikely that they will be seen as equals of men who are



PHOTO: DOMINIC CHAVEZ/INTERNATIONAL FINANCE CORPORATION

working longer hours. **Sumitomo Chemical**, in a similar initiative, introduced “work-life balance days,” weekly days in each workplace when employees are encouraged to leave on time (Sumitomo Chemical, 2017).

Flexible working options that are limited to or primarily used by parents, such as part-time work or exemption from compulsory overtime, can also lead to bottlenecks in service provision. At **Schön Klinik**, where many women and a substantial number of men work part-time, managing schedules so that everyone at times has to work less popular shifts, whether they have children or not, is an important part of human resource management and prevents “backlash.” Managing the scheduling aspect of many different working

time patterns is no longer a big problem thanks to new scheduling technology. Allowing employees to swap shifts or making it possible for parents to work opposite shifts so they can better arrange childcare may also be an option.

### INFORMATION AND REFERRAL SERVICES

Whether they use center care or home-based care, many parents spend considerable time and effort on finding good childcare options for their children. Although in some high-income countries such as the United States and the United Kingdom, parents may be guided by official ratings of crèches (Child Care Aware, 2017; NAEYC, 2017; Mathers, Singler, and Karemaker, 2012; Zellman and Perlman, 2008), in other parts of the world, such as India, such standards are less common.

Whether or not reliable standards exist, many areas have a shortage of care, leading to long waiting lists and difficulty finding placement.

Information and referral services, which maintain lists of crèches in the vicinity with hours and age groups, can be of considerable help to parents, both by reducing their search time and by increasing their confidence in their choice (see Table 3.10). Employers can also help employees share their experiences using different centers. For employees at **Akamai**, the 10 percent discount at centers in the Care.com network is as important as the fact that these centers have been vetted by Care.com. **The Bank of Tokyo-Mitsubishi UFJ, Ltd.** and **Schön Klinik** go one step further, providing employees with access to a consulting service that can help them find childcare. **Citigroup Colombia** and **Mexico** use a referral system and negotiated discounts for their employees with specific childcare providers.

Babysitters or family daycare providers can be less visible than a childcare center; a resource and referral service that lists and connects employees with those providers can also be helpful. Much infant care is provided in-home (the child's or the caregiver's home) since some parents prefer a smaller and more homelike environment. These homes/caregivers are often more flexible in their hours and ability to accept school-age children for a few hours in the afternoon or in emergencies.

The best approach is usually a combination of supports to address all childcare issues that are impacting attendance, turnover, and productivity. It is in the company's best interest to solve those interrelated problems, not just handle one or two. Without a thorough approach, company performance will continue to be compromised; with a comprehensive approach, the tangible return can be remarkable.

**Table 3.10**

### Referral/Information Services

Questions	Advantages	Considerations
<p><b>Is there a well-developed childcare market in the area?</b></p> <p><b>Is there a local organization equipped to provide information and referral services?</b></p>	<ul style="list-style-type: none"> <li>• May be a low-cost option</li> <li>• Helps employees access less visible informal and home-based care</li> <li>• Less liability exposure</li> <li>• Particularly helpful to newer staff who are unfamiliar with local childcare market</li> <li>• Can be made available to all</li> <li>• Can facilitate access to informal care—family-based care, sitters, etc.—which is more flexible</li> <li>• Can be offered for all ages through eldercare, and be seen as fair</li> </ul>	<ul style="list-style-type: none"> <li>• Does not impact or improve affordability, quality, or availability—best paired with other options</li> <li>• Alone, has less impact on recruitment and retention</li> <li>• Best used in well-developed childcare markets</li> </ul>





PHOTO: IWAN BAGUS/INTERNATIONAL FINANCE CORPORATION



# Finalizing and Implementing a Childcare Strategy

Once a company has assessed the needs of its business and workforce and reviewed the options, it can then choose the course of action that best meets these needs. Factors to be considered include the location and sector in which the company operates, types of childcare gaps in the local area, regulatory framework, availability of potential partners, company goals, and the available budget and resources. The input of employees and their representatives plays an important role in shaping any decisions.

A small in-house working group made up of staff from different parts of the business can help determine the most appropriate course of action. Such a group may include representatives from senior management, or someone with decision-making power; a human resources representative; a member of the general workforce (a union member/spokesperson, if applicable); potential childcare users (i.e., employees who are parents); a communications or public relations representative; and an attorney who can advise on tax and liability issues (Burud, Aschbacher, and McCroskey, 1984).

Consultation with employees and their representatives can ensure that the childcare benefit is designed in the manner most likely to meet demand. Involving parents throughout builds trust in the quality of the childcare that is offered.

**Afrifresh** considers listening to workers' needs as a critical step in designing supports to benefit them. On-site crèches at two of Afrifresh's farms were established in response to employee demands expressed through a dialogue with management (worker consultation at other farm locations revealed a different set of immediate priorities and resources were directed toward alternative initiatives, for instance, adult education).

Companies can also scan possible external actors who can provide support, guidance, and technical assistance for designing and implementing a new childcare benefit. Reaching out to experts in the community or around the country that have experience with childcare provision can provide much-needed insight into the process, allowing the company to avoid potential pitfalls and design the program so it meets the company's and the workforce's needs. Given that most employers seeking to establish childcare support are not in the childcare business, expert guidance can be extremely valuable.

**MAS Kreedat Al Safi-Madaba** benefited from assistance from the Jordanian NGO **SADAQA**, which supported the company's decision-making process and designed the layout of its new on-site crèche. Depending on resources and corporate culture, companies may consider hiring a specialist consulting firm to support the process, analyze needs, and provide recommendations.

## REVIEW BUSINESS GOALS AND RESOURCES

Considering a company's original goals in addressing employees' childcare issues is key, such as attracting and retaining employees, reducing costs (from unnecessary turnover and absenteeism, for example), and improving performance. Quantifying business impacts may help communicate the case for childcare investments to company stakeholders and get senior management buy-in (Table 4.1). Where hard data is not available, illustrations of the impact of childcare breakdowns on business drivers or examples of benefits offered by other companies in the same sector or region can illustrate the need for investment.



## Employer-Supported Childcare at Citigroup in Chile

Citigroup Chile, a franchise of the multinational bank Citigroup, is based in Santiago, Chile, and operates as the bank's IT developer and service provider for North and Latin America. The company has about 200 employees, of which nearly a quarter are women. This number is significantly higher than Chile's IT industry average, which has been reported by media outlets as being only 5 percent (America Economía, 2017). Citigroup Chile is interested in increasing its gender diversity and attracting and retaining more female employees, and therefore targets its childcare and other benefits toward diversifying its talent pool. The company emphasizes the importance of work-life balance of its employees, and its efforts were awarded by being ranked fifth in the small and medium-sized enterprises category for *Mejores Empresas para Madres y Padres que Trabajan* (Best Companies for Working Mothers and Fathers) 2015.

Chilean firms with 20 or more female workers are legally required to make daycare centers available for employees with children under age two (Gobierno de Chile, 2016). Citigroup Chile reimburses \$100 of the annual enrollment fee and \$325 of childcare center fees for female employees. The company also offers home-based childcare for certain medical conditions. The childcare benefits have an uptake rate of 100 percent, with over three quarters of mothers opting for home-based childcare. Moreover, the benefits seem to positively impact maternity return rates, which are at 93 percent. To further increase workplace equality, "the company is considering to grant childcare benefits to male employees, which would give an additional sign that Citigroup Chile supports women and men employees equally," according to Citigroup Chile's Human Resources Director Valentina de la Cerda.

In addition to the government-mandated 12 weeks of parental leave, 18 weeks of maternity leave, and five days of paternity leave, Citigroup Chile offers three extra days of paternity leave to fathers, as well as childbirth and school fee bonuses to parents. Citigroup Chile offers additional benefits that make it competitive in the job market: For sick, maternity, and parental leave, the company pays the difference between the income subsidy provided by public or private entities and the employee's full salary. Citigroup Chile further offers a comprehensive flexible work policy. Sixty-five percent of employees work remotely one to five days a week. The company's leadership is pleased with the outcomes and further acts as a role model: Citigroup Chile's Chief Country Officer Gustavo Salischiker, who worked remotely for 2.5 years before becoming the company's general manager, sees the flexible work option as a significant competitive advantage: "Our remote work policy is an integral part of Citigroup Chile's strategy to attract and retain top talent and increase gender diversity. Our employees, including female staff, value the possibility to work from home, and being able to interact with their children, particularly when they are still young."

Citigroup Chile's childcare benefits are in line with Citigroup's global diversity strategy. Citigroup sees childcare benefits as part of a multidimensional effort to support employees in all stages of

*continued on next page*



#### Box 4.1 CITIGROUP CHILE, continued

**their life and to retain female talent. Ana María Gonzalez and Juliana Gonzalez, Citigroup's Diversity Team for Latin America, confirmed: "Childcare is one of the strategies that Citi is working on as part of its diversity strategy to keep women and men engaged, to retain women and support them in reaching senior leadership positions." In Chile, Citigroup has demonstrated that it goes beyond regulatory requirements when it comes to supporting working parents with childcare and other benefits to attract and retain the best talent, male and female.**

Note: The information presented here is based on telephone interviews conducted by Nathalie Hoffmann with Citigroup Chile's HR Director Valentina de la Cerda, Citigroup Chile's Chief Country Officer Gustavo Salischiker, and Citigroup's Diversity Lead for Latin America Juliana Gonzalez in June and July 2017.

## UNDERSTAND THE REGULATIONS AND PARTNERING POSSIBILITIES

The options for offering childcare benefits will be influenced by the regulatory environment in which the company is located and the childcare resources available in the community. Considerations include:

- **Regulations:** Typically, childcare providers, including on-site childcare provided by employers, are subject to minimum staff-child ratios and other child health and safety-related standards (World Bank Group, 2017). In some countries, such as Chile, India, Jordan, and Turkey, national or and/or regional legislation mandates that companies with more than a certain number of (female) employees provide childcare.
- **Taxation:** Tax incentives may be available for companies that provide on-site care or other childcare benefits (World Bank Group, 2018; Hein and Cassirer, 2010).
- **Commercial or nongovernmental childcare partners:** In many emerging and developed economies, corporate childcare providers offer services for setting up and running crèches (or family daycare home networks) on a fee-paying basis.

**"Our remote work policy is an integral part of Citigroup Chile's strategy to attract and retain top talent and increase gender diversity."**

Gustavo Salischiker, Citigroup Chile's Chief Country Officer



PHOTO: DGLIMAGES/SHUTTERSTOCK.COM

Table 4.1

**Quantifying the Impact of (Lack of) Childcare Support**

Category	Business impacts	Indicators
Human resource management	<ul style="list-style-type: none"> <li>Recruitment</li> <li>Retention</li> <li>Employee commitment and motivation</li> </ul>	<ul style="list-style-type: none"> <li>Number and skill level of applicants</li> <li>Benchmarking data from competitors</li> <li>Time and cost to fill vacancies</li> <li>Turnover rates (employees with/without children)</li> <li>Percent of new parents (not) returning from parental leave</li> <li>Employee survey findings</li> <li>Number of employee grievances</li> <li>Data from exit interviews</li> <li>Gender diversity in recruitment/promotions</li> </ul>
Productivity	<ul style="list-style-type: none"> <li>Fewer absences</li> <li>Quality</li> <li>Timeliness of production</li> </ul>	<ul style="list-style-type: none"> <li>Absence rates (employees with/without children)</li> <li>Tardiness (employees with/without children)</li> <li>Accident rates</li> <li>Error rates</li> <li>Expenditure on overtime</li> <li>Expenditure on temporary workers</li> </ul>
Innovation	<ul style="list-style-type: none"> <li>Diversity</li> </ul>	<ul style="list-style-type: none"> <li>Time to market</li> <li>Technical innovation/patents</li> </ul>
Customer satisfaction	<ul style="list-style-type: none"> <li>Perception of company</li> <li>Customer retention</li> </ul>	<ul style="list-style-type: none"> <li>Customer reviews/feedback</li> <li>Rates of customer retention and acquisition</li> </ul>

Table 4.1

**Quantifying the Impact of (Lack of) Childcare Support** (Continued)

Category	Business impacts	Indicators
Corporate reputation	<ul style="list-style-type: none"> <li>• Community relations</li> <li>• Market opportunities</li> <li>• CSR agenda</li> </ul>	<ul style="list-style-type: none"> <li>• Complaints and feedback from community members</li> <li>• Community survey findings</li> <li>• Market position</li> <li>• Press coverage</li> <li>• External awards received</li> </ul>
Risk and compliance	<ul style="list-style-type: none"> <li>• Fewer absences</li> <li>• Quality</li> <li>• Timeliness of production</li> </ul>	<ul style="list-style-type: none"> <li>• Accident rates</li> <li>• Costs associated with noncompliance and litigation</li> </ul>



PHOTO: ANEKOHO/SHUTTERSTOCK.COM

DETERMINE THE DETAILS: ELIGIBILITY, FEES, AND SCOPE

				
<p><b>Childcare subsidy</b></p> <p>What will the eligibility criteria be? What types of care (center only, family, emergency)? If the subsidy will be a sliding scale by income, how will income be verified?</p>	<p><b>Public-private partnership</b></p> <p>Will costs be subsidized, for whom, and at what rate? How will space allocation be handled?</p>	<p><b>Reserved spaces</b></p> <p>What services will be granted?</p>	<p><b>Emergency back-up care</b></p> <p>How do employees register? Are there limits on how often the service can be used and/or at what age children can use it?</p>	<p><b>On-site childcare facility</b></p> <p>What ages will it serve? What hours will it be open? How many children can it accommodate? What will fees be?</p>

The next step in this process is to consult with finance and administrative departments to set a budget and identify administrative resources available for implementing and running the new benefit program. This process involves costing different options, including options for bringing in revenue to offset part of the operating cost, and reviewing the availability of public incentives to offset costs of childcare supports (see World Bank Group (2018) for country-by-country information on tax incentives and grants available to employers for providing childcare supports). Equally important is estimating the ROI, so costs are not the only consideration.

At this stage, companies with successful childcare programs have found it useful not to focus so narrowly on the costs of the childcare benefit that they lose count of other business impacts of solving childcare challenges. Companies also find it useful to consult with union or other employee representatives to gather input and ensure satisfaction with the chosen benefit program.

## Designing Programs That Work for Women and Men Alike

Women are typically the primary targets of childcare supports, given health considerations related to childbirth (e.g., breastfeeding) and the fact that women still predominantly fill the role of primary caregiver worldwide (Heilman et al., 2016; Hein and Cassirer, 2010). In some countries, such as Jordan, employers are mandated by law to target childcare support at women. Providing additional support for working mothers can play a critical role in helping women enter and succeed in the workplace. However, it is important not to overlook male employees when designing employee childcare supports. Some employers have found that it makes sense to think about support for families, since all parents are held back in their careers by a lack of affordable, accessible, high-quality care. For example, Bright Horizon's 2015 Modern Family Index shows that nearly half of U.S. fathers say one of their daily stressors during working hours is childcare, which can impact productivity. According to Bright Horizon's 2016 Modern Family Index, 69 percent of working fathers say fatherhood would likely prompt a job change (Bright Horizons Family Solutions, 2016).

Limiting childcare supports to mothers can reinforce stereotypes that women's primary focus is on the home, and that their performance at work is compromised because of their caring responsibilities (Benard, Paik, and Correll, 2008). Supporting all parents' needs for childcare can also help shift the gender norms that shape this association of women with parenthood. Social and cultural norms about women's and men's responsibilities as parents and caregivers are changing in many parts of the world (Aguayo et al., 2017; Heilman et al., 2016; Roopnarine, 2015). Establishing gender-equal childcare support helps to communicate that childrearing responsibilities are to be shared equally between mothers and fathers, improving women's ability to participate in paid employment and removing the stigma against men who embrace their role as fathers (Heilman et al., 2016).

Companies have found that involving men in childcare and gender diversity discussions is integral to shifting cultural norms on gender roles. Childcare subsidies are part of **The Bank of Tokyo-Mitsubishi UFJ, Ltd.'s** long-term diversity strategy. Although the Bank originally focused on women when it designed and implemented its gender diversity strategy, it quickly became apparent that it also needed to address the overall working culture and workers' caregiving responsibilities. At the Bank, all care supports are open equally to women and men (and Japan has one of the most gender equal parental leave systems in the world). However, although male employees tend to use childcare subsidies, they are less likely to take up parental leave and reduced working time benefits. This suggests to women (and men interested in more active fathering) that using such benefits is not conducive to advancement. The Bank of Tokyo-Mitsubishi UFJ, Ltd. is now trying to encourage men to play a more active role in the home, and highlighting both male and female role models within the company to show that it is possible to both be an active parent and a successful employee.



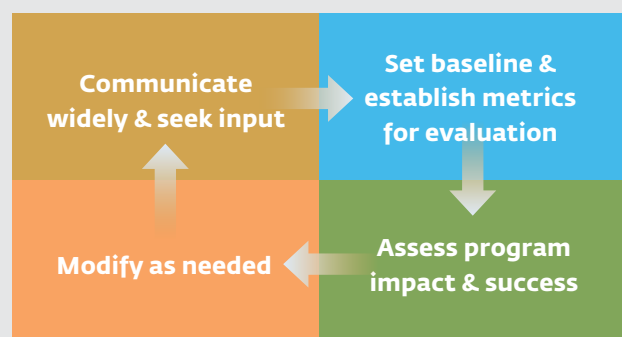
## Questions for Evaluating the Impact and Effectiveness of a Childcare Benefit Program

1. Has there been a change in the primary workforce issues (retention, recruitment, absenteeism, etc.) the childcare benefit was designed to address? If so, what is the change and does the issue require additional attention?
2. What is the take-up of the program? Is it used by the types of employees it was intended for (e.g., line employees with high turnover)? If take-up is lower than expected, why?
3. Are services open to men and women? If yes, what is the gender balance among users, and can it be improved? If not, is it possible to more actively support male employees who are parents?
4. Are users of the benefit program satisfied with the services?
5. Are employees aware of the services, including those who do not use it? Are prospective employees informed about it by recruiters? How do new employees learn about the program?
6. Are line managers aware of the business impact of childcare benefits? Do they have the information and training to support parents at work?
7. Are there options for reducing the costs of childcare supports, such as new tax incentives or government grants to be taken advantage of?
8. Have there been any unintended effects of the program since its implementation? If so, have these been addressed and how?

After committing to a childcare option, a company can disseminate information about the program, communicate expected business benefits, develop indicators for monitoring its implementation and evaluating its effects on key business outcomes, and establish a plan for modifying the program according to evaluation findings and employee feedback (see Box 4.3 for a set of questions companies can ask when evaluating their program). Typically, HR staff lead the implementation.

**Figure 4.1**

### Steps to Implementing a New Childcare Benefit Program



## COMMUNICATE WIDELY AND SEEK INPUT

Communication is key to successful implementation. The dissemination of information about the program can be targeted to all relevant employees as well as managers, recruiters, and externally, to maximize the recruitment and public relations impact. **Akamai** holds regular benefit fairs where representatives of different benefit programs talk to employees about their services. **Care.com** caregivers take this opportunity to interact with working parents and their children—an early interaction that multiple employees cited as how they learned about the program and decided to use it. In addition to getting the information to potential users, these fairs communicate more broadly that the company is a family-friendly employer. When recruiters are aware of the program, they can share it with prospective employees and market it externally to attract new talent and contribute to the reputational gains the childcare benefit can bring.

Communication about expected business benefits can increase the acceptance of the strategy and it is important to share it with managers and executives, including the financial officers who will make decisions about the expansion or continuation of the program. Companies profiled in this report find it useful to educate supervisory and managerial staff about the benefits the company expects as a result of the childcare benefit—such as reduced absenteeism, improved retention, and/or increased productivity—so they can, in turn, help educate employees about the benefit and encourage them to take advantage of it. Employers can share stories of successful usage of the benefit with staff, particularly when the examples profile men or higher-level employees to remove potential stigma and establish a culture that is supportive of working parents.

## PILOT PROGRAMS

Piloting a program and testing alternatives before bringing it to scale can avoid missteps. Childcare needs assessment surveys can be misleading. Even careful data collection cannot account for employees changing their views once a childcare option has been implemented. A major U.S. IT corporation

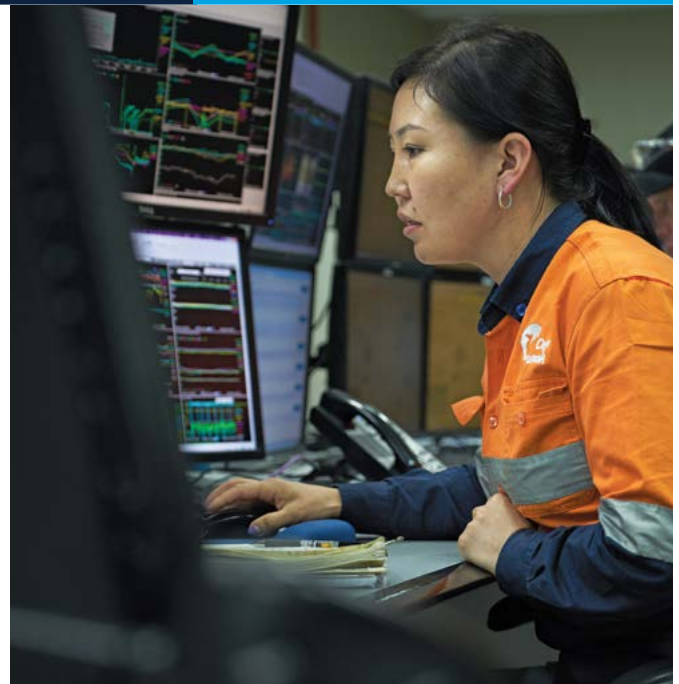


PHOTO: KHASAR SANDAG/INTERNATIONAL FINANCE CORPORATION

operating in India, in a location 50 km from where most employees live, concluded that there would be high demand for a workplace childcare facility after surveying its workers. The company was trying to address high attrition rates of new mothers. Yet, when the facility became available, it was underused because mothers were reluctant to expose their infants and toddlers to the long daily bus ride. After some experimenting, the company found that offering safe spaces for pumping breast milk, together with networking, mentoring, and other support, was a more appropriate and effective solution. **MAS Kreedha Al Safi-Madaba** had the opposite experience. When it initially gathered information on potential demand for a crèche at a textile plant in rural Jordan, many women and their families were skeptical of leaving young children in a formal daycare environment. Yet, once the crèche was operational and parents could see the high quality of care first hand, it quickly filled to capacity, and the company is now considering options for expansion.

## SET A BASELINE AND ESTABLISH METRICS

Companies find it useful to set a baseline and establish metrics to track the program's effects. Metrics to track program impacts will depend on the workforce issue that the childcare benefit is intended to address (see also Table 4.1), and can build on the company's initial data collection efforts to understand employees' childcare needs and their impact on business outcomes. The company can establish indicators that



PHOTO: NYANI QUARAYNE/INTERNATIONAL FINANCE CORPORATION

help it understand how the program has affected the day-to-day experiences of users and nonusers of the benefit, including program take-up, user satisfaction, and awareness of and interest in the program among prospective recruits.

**MAS Kreedaa Al Safi-Madaba**, for example, established baseline indicators looking at retention of new mothers and absenteeism of employees with children at the time their on-site crèche was established. They have since measured progress on these indicators, and have seen improvements in the overall stability of the production lines on which crèche users work. Likewise, **Martur** is closely monitoring the impact of childcare and related policies on staff turnover and absenteeism.

Employee satisfaction surveys and focus groups can be helpful tools for soliciting information about levels of satisfaction with the program and qualitative evidence for how it is affecting their family and work lives. Companies may want to consider disaggregating all metrics by users and nonusers of the benefit to compare outcomes; in addition to other demographic characteristics this can contribute to a deeper understanding

of how the program is affecting employees differently (e.g., by department, employee level, gender, and parent status). Whichever metrics are chosen, companies find it useful to evaluate them, if possible, right before the program's implementation and at regular increments, to help assess changes over time.

## ASSESS PROGRAM IMPACT AND SUCCESS

Once information about the functionality, impact, and effectiveness of the benefit program has been collected, employers can assess whether changes are needed. The company can solicit employee feedback on the childcare support through conversations with managers/supervisors, workforce surveys, exit interviews, and other means. Employers can also use their predetermined metrics to evaluate program effects on business indicators, particularly related to the workforce issue the program is intended to address, to learn whether it has had positive, negative, or no effects. Business results can be quantified and even measured in monetary terms.

**Mindtree** is one example of a company seeking information to determine whether changes are needed. Every three years when its childcare center contract is up for renewal, Mindtree visits childcare centers around the country to provide a quality benchmark for its own childcare center, using the possible transition to a new contractor as an opportunity to modify and improve the center's services. To inform potential future modifications, **MAS Kreedaa Al Safi-Madaba**, whose childcare center is still relatively new, is currently observing user satisfaction and how childcare support is affecting workplace outcomes. As a result, the company may consider introducing small, sliding scale fees to recoup some of the costs of running the center, as well as expanding the center to more extensively meet demand, including from its male workers.

Establishing ways to gauge the impact of childcare services on company objectives, although critical, is rarely done. Table 4.1 suggests possible indicators for different business objectives. Deciding at the outset on a few measurement strategies will be helpful. For example:



**Compare the time to fill job vacancies in key positions before and after the service is available.**



**Compare unscheduled absences or customer satisfaction surveys in departments whose turnover has been reduced.**



**Compare the tenure rate of employees who have used the childcare services, which can be turned into a metric for comparing their turnover with the overall workforce. The cost of turnover model can be used to generate savings.**



**If employee attitude surveys are used, compare the attitudes of employees who use the childcare service to those of the overall workforce.**

A comprehensive data gathering effort will tell the whole story. Because such an effort can seem overwhelming, choosing a few indicators can help management gauge the value of the childcare investment.

## INTEGRATE THE CHILDCARE STRATEGY WITH BROADER CORPORATE OBJECTIVES

The most far-reaching benefits of a successful childcare strategy are likely to come from its impact on longer-term corporate objectives, such as increased gender diversity or improved relationships and visibility with key stakeholders, clients, and consumers. For **Akamai**, **The Bank of Tokyo-Mitsubishi UFJ, Ltd.**, **Citigroup**, and **Mindtree**, providing childcare supports and measures to improve its employees' work-life balance is part of their broader corporate objectives of increasing gender diversity. Childcare support is communicated in a manner that makes clear that it is part of the company's commitment to retain, develop, and promote the best staff, irrespective of gender or parental status. Having childcare support is also a way of letting women know that they are welcome as workers in occupations where women are a minority. As part of its effort to enhance gender diversity in its mostly male workforce (99 percent of its operational workforce are men), **Borusan** launched a Group-wide equal opportunities initiative in 2015. Regular reviews of the potential interaction of the childcare supports with broader human resource management objectives, marketing, and stakeholder communication can increase the overall returns on the policy.





PHOTO: KRYZHOV/SHUTTERSTOCK.COM





# Ten Take-Aways or Recommendations

The evidence presented in this report demonstrates that companies can reap significant business returns when they support their employees' childcare needs. As illustrated by the case studies outlined in section 6 of this report, such benefits can accrue to companies across a broad range of sectors and in various regulatory environments. The business case for employer-supported childcare holds true in countries where childcare benefits are mandated by law as much as where such initiatives are solely at the discretion of individual companies.

Providing childcare can be a win-win-win solution for employees, companies, and society at large. Here are 10 lessons learned for stakeholders' consideration:

- 1) There is no one-size-fits-all approach to childcare solutions.** The companies profiled in this report illustrate that childcare supports can be delivered in a range of ways, from providing back-up care in emergencies to running high-quality on-site childcare centers for close to 100 children. Indeed, many leading companies provide more than one type of childcare support. What is also clear is that the impact of such employer-supported childcare policies and programs typically extends far beyond the benefits for actual users. Providing childcare is perceived positively by employees, customers, and investors more broadly.
- 2) Offering childcare support as part of a holistic strategy yields biggest returns.** What companies learned over time is that their ROI can be further increased when the childcare strategy is part of a systematic diversity policy and is combined with other measures to support employees' work-life

balance. Communicating and integrating the childcare focus with other departments (such as marketing, sustainability, and customer service) might further catalyze business benefits.

- 3) Supporting mothers and fathers with their childcare needs is critical.** Initially, the driver for employer-supported childcare for many companies can be a focus on providing support for female employees, whether due to government regulation or because of the number of female employees that are potentially impacted. However, common to many case study companies is a focus on increasing the gender balance of users of childcare benefits. Encouraging and enabling fathers to use policies as actively as mothers is particularly likely to yield returns (including through the business benefits of diversity).
- 4) The quality of caregiving jobs is key.** The growing demand for childcare services has the potential to generate significant job opportunities, while boosting labor force integration for informal caregivers and supporting new, more flexible ways of working. Although childcare is already a growing occupational sector, more work still needs to be done to ensure that care jobs are high-skilled and fairly compensated. Having childcare providers who stay in those jobs because they are compensated fairly and treated well would ensure more consistent and higher quality care for children.

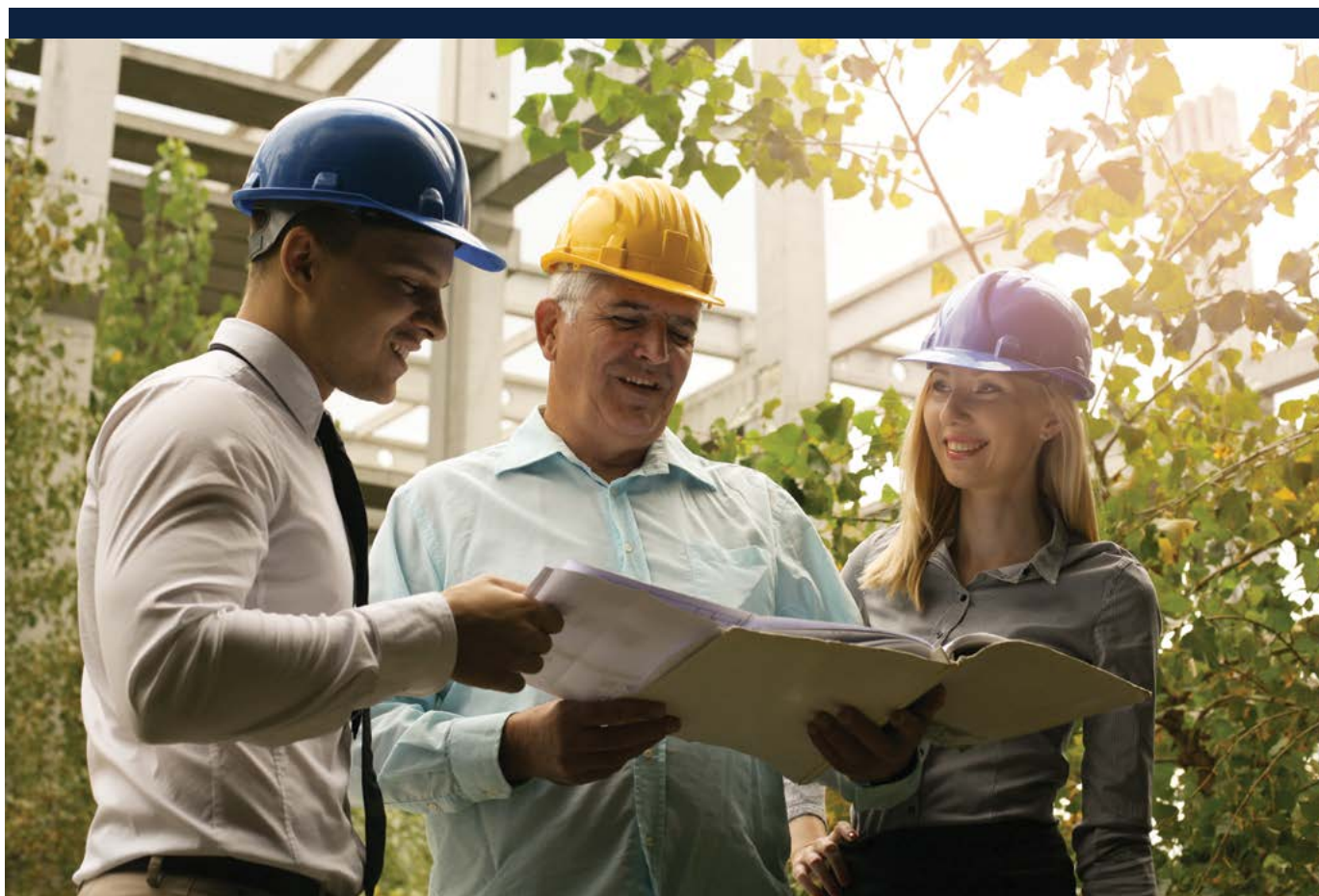


PHOTO: LIDERINA/SHUTTERSTOCK.COM

**5) Employees' care needs go beyond childcare.** Aging populations, cultural shifts, and a growing number of dual-earner families are among the factors driving an increased demand for care. In many countries, employees also struggle with addressing the care needs of their elder parents and in-laws. Thus, many employers have started tackling eldercare needs in addition to childcare. Recognizing the potential impact eldercare can have on job creation, IFC is committed to contributing to this area with research, knowledge, and advice.

**6) Resolving childcare needs for populations at the bottom of the pyramid.** Parents in very low income brackets often face difficult decisions when determining where to keep their young children during the working day. Typically, they have the option to leave the child alone, with older siblings, or with untrained caregivers. Without the full benefits of early childhood education (ECE), these children may be locked in an intergenerational cycle of poverty that is nearly impossible to escape. In addition, their parents cannot hold consistent employment, since

they lack reliable childcare services during the working day. Organizations such as Kidogo in East Africa and Annapurna Mahila Mandal in India are exploring ways of making private sector supported childcare services for poor parents more sustainable.

**7) The regulatory environment matters.** For employer-supported childcare to have a significant impact on ECE and (women's) labor force participation, governments can put in place policy/regulatory frameworks that enable private sector actors to support childcare provision. The case studies highlight the benefits to both employers and communities from supportive public policy environments. These include capacity-building initiatives, fiscal incentives, and advice to help companies supplement their childcare provisions, as well as win-win solutions when employers and municipalities collaborate to expand childcare provisions.

**8) It takes government and private sector collaboration to create markets for employer-supported childcare.** The benefits of quality



PHOTO: IWAN BAGUS/INTERNATIONAL FINANCE CORPORATION

affordable childcare for employers, families, and economies are well documented. By complementing public provision of childcare and ECE, the companies profiled in this report in many ways are pioneers. To take these good practices to scale, convincing companies of the business case for employer-supported childcare is not enough. Investment in this field to build the capacity of quality and affordable childcare providers, providing incentives for employers to engage in this field, and developing regulations and enforcement mechanisms of standards of care that are relevant to parents and providers of childcare will be a prerequisite to advance employer-supported childcare benefits.

**9) Investments are needed to build capacity and skills that open new market opportunities.**

Several of the companies profiled in this report rely on the services of corporate childcare providers. As the demand for (employer-supported) childcare increases, significant investments in quality childcare provision will become necessary. Increasing investments in childcare can result in more reliable and quality childcare service options for employers and their

employees. Depending on the market context, existing childcare providers can benefit from figuring out how to scale their offerings without compromising quality and safety standards. Financial institutions may want to consider exploring how to finance childcare providers, be they micro entrepreneurs or SMEs. In markets where regulations require employers to provide childcare support, investors may want to explore how to support employers with their respective financial needs.

**10) Through demonstration efforts, other employers may be encouraged to replicate employer-supported childcare.**

Continued showcasing of several “early mover” companies can encourage replication by other employers. At the firm level, employer-supported childcare can have numerous business benefits as demonstrated by this report. At the industry or national levels, lasting development impact can be achieved once a broad number of employers view employer-supported childcare as key to remaining competitive.





PHOTO: MARIA SBYTOVA/SHUTTERSTOCK.COM



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# South Africa



**Economy name:**  
South Africa

**Main business city:**  
Johannesburg\*

**Region:**  
Sub-Saharan Africa

**Income level:**  
Upper middle  
income

**Population:**  
54,001,953

**Female population:**  
27,774,550

**Labor force  
participation (15+):**  
46% female  
61% male

**Compulsory  
primary education  
enrollment age:**  
7 years



## Leave policies

Paid maternity leave	Yes	120 days
Paid paternity leave	Yes	3 days
Paid parental leave	No	0



## Legal obligation for employers to support childcare

	0-2 years	3-5 years
Obligation for employers to support childcare?	No	No
Based on the number of female employees?	N/A	N/A
Based on the number of employees regardless of gender?	N/A	N/A
Special legislation on employer-provided childcare?	No	No



## Government incentives to employers to support childcare

Tax benefits to employers to support childcare?	No	No
Non-tax benefits to employers to support childcare? (monetary and/or nonmonetary benefits)	No	No



## Quality of private childcare services

License or registration required?	Yes	Yes
Zoning requirements?	Yes	Yes
Pupil-teacher ratio required?	Yes	Yes
Penalties for non-compliance with laws?	Yes	Yes

\* The *Women, Business and the Law* data are based on domestic laws and regulations that apply to the main business city of the economy. For more information on the methodology including the maternity/paternity/parental leave calculation methodology, visit [wbl.worldbank.org](http://wbl.worldbank.org)

# Afrifresh

## Agribusiness, **SOUTH AFRICA**

### **PARENTS, WORK, AND CHILDCARE IN SOUTH AFRICA**

Women represent an important part of South Africa's labor force (World Bank, 2015a). Yet, while women are more likely than men to be enrolled in both secondary and tertiary education (UIS, 2017), they are still significantly less likely than men to be in the labor force (45 percent versus 61 percent) (2014 estimates, World Bank DataBank).

One reason for women's lower levels of labor force participation is that women are still most likely to be the primary caregivers for children in South Africa, which limits their ability to engage in paid work. National survey data indicates that South African women spend more time on caregiving activities than men: 3 hours and 15 minutes per day, compared to 1 hour and 28 minutes for men (Statistics SA, 2013). Moreover, fathers are absent from the majority of households: some 61 percent of children in South Africa do not live with their fathers (Statistics SA, 2013). High levels of HIV/AIDS (estimated at 19.2 percent) further complicate childcare responsibilities in many families (UNAIDS, 2015).

Before children start attending school, parents are primarily responsible for their care. School is compulsory for children beginning at the age of seven, but 87 percent of children participate in Grade-R beginning at age five (GHS, 2014). Around 48 percent of children up to the age of four years participate in some kind of early childhood development (ECD) facility (GHS, 2014), which are operated by the public, private, and not-for-profit sectors. Children may also be cared for by privately hired childminders or nannies. Childcare can be a very high expense, especially for low-wage workers, and many children may be left unsupervised.

This case study discusses how Afrifresh,<sup>1</sup> an agribusiness company, assists working parents within its operations by providing childcare on its farms. Benefits to the company include an enhanced status as an employer of choice in its sector, improved retention rates and access to experienced workers, and greater availability of workers during busy harvesting periods.

#### In 2015, **women represented:**

- 35% of Afrifresh's 1,220 permanent workforce
- 48.5% of Afrifresh's 4,144 seasonal workforce

#### Afrifresh **supports workers with children** through:

- Workplace crèches on farms
- Transport for children to/from school
- Flexible work arrangements for professional workers

#### Main **business impacts** of childcare support:

- Enhanced status as an "employer of choice"
- Overtime and productivity gains
- Increased safety for workers' children living on-site
- Ongoing market access and enhanced profile with buyers

CAREGIVER AND CHILD AT ONE OF AFRIFRESH'S ON-SITE CRÈCHES.



PHOTO: COURTESY OF AFRIFRESH GROUP

## COMPANY BACKGROUND

Afrifresh is a South African producer and exporter of fresh fruit. The company specializes in table grapes and citrus (grapefruits, oranges, soft citrus, and lemons), and has buyers in more than 50 countries. It is a vertically integrated business, with activities spanning the whole agricultural value chain, incorporating farming, processing, marketing, and distribution. In 2015, the company had combined global sales of 44,978 tons of table grapes and citrus and its total turnover was 245 million South African rands (\$16 million).

Afrifresh is representative of a new generation of large-scale corporatized farming operations in South Africa, as smaller farms are being absorbed by larger producers (DAFF, 2014). Prior to 2009, the company operated as an export agent only, buying fruit from local producers and selling it to overseas buyers. In 2009, the company embarked on an ambitious strategy to expand its operations into production so it could better control the supply and quality of its fruit. The company bought several citrus and table grape farms across South Africa, many of which were "in distress" and required significant investment to renew and expand their production capacity.

At the beginning of 2016, 43 percent of the company's crop capacity was still immature; however, it will reach full production by 2017, meaning that Afrifresh will nearly double its export volume over the next two years. The company's expansion has had dramatic consequences for its workforce size and composition, with the number of permanent workers increasing five-fold between December 2010 and January 2011, and the profile changing to a majority of unskilled farm workers, many of whom live on-site. By the end of 2015, Afrifresh employed 1,220 permanent workers on 10 sites across South Africa, up from 151 in 2009, and 4,144 seasonal workers. Once the company's new plantings reach full maturity, the workforce will grow even further.

This case study focuses predominantly on three Afrifresh sites: River Fresh (Western Cape, citrus and table grapes), Berekisanang (Northern Cape, citrus and table grapes), and the company's head office (Cape Town).<sup>2</sup>

### Working Parents and Children at Berekisanang and River Fresh

<b>Number of workers with children aged 0-6 years across both sites</b>	95	(58 at Berekisanang, 37 at River Fresh)
<b>Number of employees' children aged 0-6 years across both sites</b>	100	(69 at Berekisanang, 31 at River Fresh)
<b>Number of workers served by crèches</b>	32	
<b>Number of children enrolled in crèches across both sites</b>	68	

## CHILDCARE NEEDS OF AFRIFRESH EMPLOYEES

Women are an important part of Afrifresh's workforce, representing 35 percent of the permanent workforce and 48.5 percent of the seasonal workforce.<sup>3</sup> At the head office, women hold administrative and management roles, while on farms women tend to hold administration and operational roles that require high levels of attention to detail, such as vine development, picking table grapes and smaller citrus, and grading and packing fruit. Men are more likely to occupy jobs that require greater physical strength, and job roles with higher skill profiles and corresponding higher pay grades, including farm managers, supervisors, truck and tractor drivers, and machine operators.

Afrifresh provides accommodation for most of its permanent workers, including the children and extended family members of some workers. Afrifresh also provides temporary accommodation for seasonal workers. For the most part, however, seasonal workers are not accompanied by their children.

Many agricultural workers do not live with their children. Extended family networks, including grandparents, cousins, sisters, and aunts, continue to play a key role in providing childcare support. These support networks continue to be influenced by the apartheid legacy, when black Africans were based in “homelands” or pockets of land within the country. This led to many families having a rural base for the extended family, where grandparents retire, the unemployed stay, and children are cared for, while working age parents travel to find work and send money home. In this setting, children are often left in the care of extended family, although working parents may take young children with them, in which case they are looked after by caregivers at home, in community childcare facilities, or left home alone (Cawse, 2010).

Professional staff, including those at the head office in Cape Town, are also likely to rely on family networks for childcare. Finance Officer Kim Biesheuvel said that her mother helped with childcare while her child was growing up and “this kind of back-up and support was critical.” Depending on income levels, professional staff may also have a paid domestic worker at home to assist with childcare and household chores.

## HOW AFRIFRESH SUPPORTS EMPLOYEES WITH CHILDCARE NEEDS

Afrifresh provides different kinds of childcare support for its farm workers and its professional, office-based staff. Workers who live on Afrifresh farms with their children have access to on-farm crèches and other support for after-school care and medical needs, while professional staff benefit more from flexible working arrangements.

### On-farm crèches

Crèches are common in the agricultural industry in some regions of South Africa (such as the Western Cape), and Afrifresh has operated crèches in these regions for a number of years. Afrifresh provides a crèche where a high proportion of workers do not originate from the local area and therefore do not have local family networks to assist with care, such as in Berekisanang in the Northern Cape.

Afrifresh operates five crèches on its farms: three at River Fresh (one of the largest production sites), one at Berekisanang, and one at Galactic Deals. These crèches cater primarily to preschool children (up to five years of age), but also provide after-school care for younger school-age children (up to around eight years of age). Places are made available

EMPLOYEES' CHILDREN WITH THEIR CAREGIVERS AT ONE OF AFRIFRESH'S ON-SITE CRÈCHES.



PHOTO: COURTESY OF AFRIFRESH GROUP

**“Women prefer to have their children on the farm if possible, because they are closer if something happens.”**

**Female worker, River Fresh**

for all children who need care, and there are no waiting lists. Typically, each crèche has a common area with toys and educational materials, a sleeping area with mattresses, a kitchen with a refrigerator, and a bathroom. All crèches have an outdoor play area and some have playground equipment. Each crèche is registered with the local municipality, and oversight is provided by farm management.

The Afrifresh crèches are predominantly used by permanent farm workers who live on-site. However, at River Fresh, some female seasonal workers bring their children to live with them in separate seasonal worker accommodations set aside for women and children, and use the farm crèches. When registering a child, parents are required to sign a liability waiver that provides indemnity for Afrifresh in case of accidental injury and a consent form that permits the crèche to administer first aid to the child if necessary.

The crèches are relatively small, with two childcare workers typically looking after between five and 10 preschool-age children. The crèches at River Fresh provide care for a total of 31 children, and the crèche at Berekisanang provides care for up to 37 children. The number of children may vary throughout the year, depending on whether seasonal workers' children are enrolled. For instance, at the beginning of 2016, the Muis Paleis crèche at River Fresh had eight preschool-age children enrolled, but this figure increased to 15 in the picking season. When the number of children needing care increases, Afrifresh temporarily hires additional childcare workers.

The childcare workers in the crèches are female permanent farm workers selected from the general workforce. They receive training in first aid and general health and safety. Currently, they do not receive dedicated training in early childhood development, although Berekisanang has plans to address this when the operation enters full production and it has access to more training funds. At River Fresh, the company pays for educational books for the children to work on with the childcare workers.

The crèches provide convenient childcare for farm workers: on each farm, they are located close to housing and operate

Monday to Friday, from 7 a.m. to 6 p.m., providing childcare for the entire work day. In picking season, when workers need to work overtime to meet production schedules, the crèches stay open later as required. Given the proximity of the crèches to the workplace, women can easily visit during the day if there is an emergency, or to breastfeed their babies. Farm shifts are designed to take into account the needs of breastfeeding mothers.

Childcare in the crèches is provided free of charge or at low cost. At River Fresh, workers pay a small fee of 25 South African rands (\$1.60) per week. At Berekisanang, the crèche is provided free of charge. Food for children is not provided: workers provide their children's own snacks and lunches.

Women whose children are placed in the crèches value the care their children receive. "Our children are safe and taken care of here. . . The children love Anna and Elizabeth [the childcare workers] and can't wait to come to the crèche to see them. Sometimes they cry when it is time to go home because they don't want to leave them," said one mother with a child in a River Fresh crèche. Another mother commented that the teacher at the local school said her child was better prepared for starting school than others, and the mother attributed this to the attention provided by the childcare workers at the farm crèche.

At the moment, crèches are only established on those farms where they were already in place when Afrifresh bought the sites (River Fresh), or where they have been introduced in response to worker requests (Berekisanang and Galactic Deals). However, in recognition of employee needs and the

**"It's easier working here because of the crèche. If my children had to go to a crèche in town, this would be very expensive."**

**Female worker, River Fresh**



**“The little ones love going to the crèche, because they learn things there.”**

**Supervisor and grandmother of a child at one of the River Fresh crèches**

associated business benefits for the company, the company is discussing plans to introduce three more crèches on its farms in the Marble Hall area.

### **Support for school-age care**

Afrifresh also provides free transport to local schools for children who live on its farms. At River Fresh, this cost is shared with other farms in the area, who all pay a proportion of the cost on behalf of their workers. When the child of an Afrifresh worker becomes unwell at school, the farm will arrange for a driver to pick up the child and, if necessary, take the child to the local clinic.

The company also looks for ways to engage with local primary schools in rural communities. At Fruit Star, the farm invites children from a nearby school to visit, to educate children on the local fruit industry, and raise awareness of the company in the community. Afrifresh is currently exploring options to support a capacity-building program for a school near River Fresh.

### **Flexible working arrangements for professional staff**

At the head office, employees can start and finish their working day earlier, with staggered start times of 7:00, 8:00, or 9:00 a.m. This flexibility is available to all staff, but it is particularly valued by parents who need to coordinate school and/or childcare drop-offs and pick-ups. Other staff use it to avoid rush hour traffic. The company also makes an effort to provide flexibility on an ad hoc basis for working parents who are faced with emergencies, such as sick children, or

unexpected gaps in childcare. These arrangements are used by all staff, including senior managers, such as Susanne de Waal, Head of Quality Assurance and Compliance.

Part-time and flexible working arrangements are relatively rare in formal workplaces in South Africa (Cawse, 2010) and this is an area of ongoing evolution for Afrifresh. Recently, the company experimented with more flexible working arrangements for a head office employee who encountered unexpected last-minute difficulties in accessing formal care for her newborn baby. Afrifresh agreed to alternative arrangements for this worker for two months (shorter hours and some remote work from home) to allow her to return to paid work while she made more durable childcare arrangements. In trying to find the best solution, Afrifresh also discussed other options; for instance, allowing the employee to take some annual leave in advance.

It is not possible for the company to introduce home-based working arrangements for operational staff, and it is similarly more challenging to introduce staggered shift patterns for this group. However, where possible, the company endeavors to provide some flexibility in working hours for parents in this group, such as providing time to accompany sick children to the doctor.

**“We are lucky enough here to have a bit of flexibility at Afrifresh to deal with family situations. It is a privilege to have this understanding at senior management level. First I'm a human and a parent, then I fit my work responsibilities around that.”**

**Susanne de Waal, Head of Quality Assurance and Compliance**

## Leave for parents

Access to adequate leave for parents is critical for enabling workers (both mothers and fathers) to balance their paid work and childcare responsibilities. Further, maternity leave makes an important contribution to the health and well-being of mothers and their newborn babies.

Afrifresh provides all workers with a range of care-related leave, in line with national legislation (see World Bank Group, 2016):

- **Maternity leave**

Under South African law, women are entitled to 17.32 weeks (121 days) of unpaid maternity leave, provided they work more than 24 hours per month. Pay during leave is available through social insurance. All workers at Afrifresh (professional staff and farm workers) contribute to the Unemployment Insurance Fund (UIF), and are thus eligible to apply to the Maternity Benefits Fund for payments during their maternity leave. Seasonal workers are also eligible, provided they have made 13 weeks of contributions to the UIF in the year before the expected date of childbirth. Payments are made on a sliding scale, up to a maximum of 60 percent of a workers' salary, and with a cap on payments to higher-income earners. Where possible, Afrifresh provides employees with assistance in filling out their UIF forms.

For professional staff with more than five years of service, Afrifresh tops off the UIF payment with 50 percent of the employee's salary for the duration of maternity leave.

Afrifresh employees can also negotiate further unpaid leave (beyond statutory entitlements) with their managers. However, this is seldom taken, as most women—professional staff and farm workers alike—say they cannot cover the cost of the leave themselves.

- **Family responsibility leave/paternity leave**

Each year, parents are entitled to three days of paid family responsibility leave, which they can use to care for sick children. There is no statutory entitlement to paternity leave in South Africa, but men may use family responsibility leave for this purpose.

### Maternity Return Rates at Berekisanang and River Fresh

**6** **women went on maternity leave** in the last three years

**6** **women returned from maternity leave in the last 3 years** and were still employed a year later

- **Sick leave**

Employees are entitled to 30 days of paid sick leave in a 36-month cycle. In line with national legislation, parents can use their sick leave for their children's illnesses as well as their own, once they have used their family responsibility leave for the year. Women also often use outstanding sick leave to extend their maternity leave.

## THE BUSINESS IMPACT OF AFRIFRESH'S CHILDCARE BENEFITS

There is no separate budget for the crèches, as the expense is considered small enough to be subsumed within other budget lines (e.g., the electricity for the crèche is paid as part of the overall farm electricity bill). The company maintains the buildings and playgrounds, pays the childcare workers' wages, and covers the costs of electricity, water, and any educational materials, such as books. At River Fresh, the company estimates that it pays approximately 10,000 South African rands (\$686) each month to operate each crèche.

### Being an "employer of choice"

Providing childcare on farms and flexible working arrangements for professional staff helps to raise Afrifresh's profile as a good employer at all levels of the organization: with managers, supervisors, and general farm workers. This applies at the head office and across all production sites.

According to Johan van Wyk, the company's HR Director, "We want to be seen as a preferred employer in the communities in which we operate. . . . This helps to attract not only workers, but also farm managers."

Crèches are a prerequisite for successful recruitment on farms, where women workers expect this service to be provided. A recent study found that more than 60 percent of permanent workers and 40 percent of seasonal workers on fruit and wine farms in the Western Cape have access to a free or subsidized crèche (Visser and Ferrer, 2015). Managers at River Fresh confirmed that it is a long-standing practice for table grape farms in the area to operate a crèche and without one, the company would be out of step with industry norms. Colette Hugo, Compliance Coordinator at River Fresh, explained, "There are around 10 to 15 large farms in the local area, all competing for the same workers. We all have to offer at least the same terms and conditions as the others . . . Offering even better-quality employment is important for being an employer of choice." Similarly, Dirk Lategan, General Farm Manager at River Fresh, observed, "We can't do without the crèche. We would miss out on seasonal labor if we didn't have it."

Flexible working arrangements can also help Afrifresh to attract and retain the best professional staff. Having flexibility in emergencies, such as dealing with sick children, as well as for the regular challenges of dropping children off at school, especially for families whose children attend different schools, is a major incentive for women with children. According to van Wyk, "We want to create a culture where people want to work for us and want to stay." Afrifresh recognizes that recruitment and retention of good staff is one of the pay-offs of its efforts to help professional women manage their childcare arrangements. With respect to the plans put in place for the new mother with unexpected childcare difficulties, Biesheuvel said, "The fact that we tried hard to accommodate her situation was motivating for her . . . I think it's more likely that she will stay with us now, because she knows that we will try to look after her."

### **Overtime and productivity**

Having a crèche on-site makes it easier for women farm workers to work overtime during picking and packing season. The company needs women to be available to work overtime during its busiest period, as they are concentrated in key functions, such as grading and packing, that are critical to achieving higher volumes of fruit. Moreover, permanent workers (the main beneficiaries of the crèches) are the most experienced workers, and more likely to occupy positions of greater responsibility (e.g., team leaders).

Farms that provide seasonal workers with access to a crèche realize clear productivity gains associated with ensuring that the company's best seasonal workers—many of whom are women—return each year for its peak season. Experienced seasonal workers can work faster and require less oversight from supervisors. High labor productivity is particularly critical for table grapes, a labor-intensive crop that needs to be picked and packed within a short time frame (six to eight weeks). The seasonal workforce is critical for making sure that this work is done within the quickest possible timeframe at the lowest possible cost.

According to Afrifresh managers, there are also general productivity benefits associated with providing childcare for

**"There are around 10 to 15 large farms in the local area, all competing for the same workers. We all have to offer at least the same terms and conditions as the others . . . Offering even better quality employment is important for being an employer of choice."**

**Colette Hugo, Compliance Coordinator,  
River Fresh**

farm workers, as workers are likely to be more productive if they know their children are being looked after. For example, Melinda Dolby, Sustainability and Compliance Coordinator, observed that, “Your mind will not be fully on your job if you don’t know how your children are being looked after.” A study of South African horticulture found that managers identified a positive link between crèche facilities and worker productivity (Barrientos and Visser, 2012).

### On-farm safety for workers’ families

Child safety is a major motivation behind the Afrifresh crèches. Adri van Niekerk, Project Coordinator at Bereikisanang, noted that safety is a paramount consideration: “As a business, we need to have this: Children who are living on the farm need to be looked after.” Without proper adult supervision, children are at serious risk given the numerous hazards on farms, including chemicals, confined spaces, machinery, vehicles, and dams. This not only creates a hazard for children, but could also lead to additional costs for the company in the form of medical expenses and legal liability. As such, a crèche ensures that small children are adequately supervised while their parents are at work.

### Market access and profile with buyers

Providing better working conditions for farm workers, such as by offering childcare, can help Afrifresh raise its profile

with buyers in high-value markets. Afrifresh targets high-value export markets for its products: it sells more than 80 percent of its table grapes and 27 percent of its citrus to the United Kingdom and other European Union countries. Buyer standards in these markets are high, not only with respect to product quality and schedule, but also regarding working conditions on farms. To this end, fresh produce suppliers commonly must demonstrate compliance with international voluntary codes of conduct on labor and working conditions.

Typically, codes of conduct require suppliers to comply with international core labor standards, including protection from sex discrimination. Afrifresh follows the standard developed by the Sustainability Initiative of South Africa (SIZA), which additionally requires companies to protect workers from discrimination on the grounds of *inter alia* pregnancy, marital status, and family responsibility, and, where families are provided accommodation at or near the workplace, must physically exclude resident children from the workplace.

There is no specific requirement for companies to provide on-site crèches for workers’ children. However, by going beyond compliance with buyer codes of conduct on labor standards and aiming for best practice by providing additional services, Afrifresh can distinguish itself from other suppliers. This can provide an additional competitive edge given that some of Afrifresh’s most important buyers in high-value markets are

**“If the child is happy, the mum is happy and this makes her a better worker.”**

**Dirk Lategan, General Farm Manager at River Fresh**

AN AFRIFRESH FARM WORKER.



PHOTO: COURTESY OF AFRIFRESH GROUP

looking to consolidate their supplier base—i.e., source higher volumes from a smaller number of suppliers.

### **Investing in the future workforce**

Van Wyk said that there is a business case for investing in crèches and children's education in communities adjacent to their farms: "This is potentially the next generation of workers for us, so it makes sense to think ahead and invest in their development early on. But we also want to create opportunities for our workers' children. Not everyone wants to stay on a farm."

## **LESSONS LEARNED**

### **Creating space for dialogue about childcare needs**

Afrifresh emphasizes that when it comes to childcare needs, it is crucial to listen to workers, rather than assume that the company knows best. The company established the crèches at Berekisanang and Galactic Deals in response to worker demand, which was expressed in dialogue with management through elected worker committees. However, crèche facilities are not the main priority for workers on all farms. At Fruit Star, the farm received a grant to construct a building; when workers were asked what they wanted most, they voted in favor of a dedicated education center for adults, rather than a crèche. (Nevertheless, recognizing that worker needs can shift over time, the center was designed so that one part of the building could be easily converted into a crèche facility in the future.)

Plans are currently underway to introduce a crèche at Afrifresh's Rodash farm in response to worker interest, and because the company wants to avoid having children on the site with limited supervision during the working day. Similarly, the company is looking at establishing crèches at two other sites (Copper Zone and Aberlachie), based on worker requests.

For professional staff, there may be scope for further conversation about how the company could help support employee's childcare needs. Some of this may just relate to raising basic awareness of the difficulties many women face

in juggling work and family responsibilities. As one female manager described the situation, "Farming and agribusiness is a very male environment. Consequently, male managers don't always understand the challenges that women face in juggling family and work. Historically, women's participation in the industry was based on their role in the home, as farmers' wives."

Dialogue on childcare may also mean encouraging men (particularly senior managers) to use flexible working arrangements to support their own families, and provide an example to others of how men can participate in family life.

### **Thinking flexibly about cost-effective approaches**

The Afrifresh experience suggests that employer-provided childcare need not be prohibitively expensive. Working parents may make a small contribution to the operating expenses, such as at River Fresh, where workers pay a small amount each month. New crèches can be established in a cost-effective way, particularly where it is possible to convert existing rooms or buildings into crèches. For instance, at Berekisanang, Afrifresh converted one of the worker houses into a crèche, while at Galactic Deals, an unused television room was adapted to become a crèche. Converting an existing building into a farm crèche costs approximately 25,000 South African rands (\$1,700), since a lot of the equipment (including toys and books) can be sourced through donations. However, where existing spaces are adapted, care needs to be taken that spaces that were previously used for other purposes (e.g., television rooms) are appropriate for childcare and that statutory requirements (for space, sinks, and toilets) are met.

In light of the benefits to workers and the business, Afrifresh is considering how it might improve its crèche facilities. In the medium term, Berekisanang hopes to win funding to build a community center for workers who live on the farm. The center will include a purpose-built crèche, as well as a health clinic, an education center, a farm shop, and a recreation area for workers. The company is also considering whether it may be viable to cover the costs of food for children who attend the crèches.



## Experimenting with flexible working arrangements

Flexible and part-time working arrangements are less common in South Africa than in many other countries. There are no women (or men) employed on a part-time basis at Afrifresh's head office, but some of the farms offer part-time office positions. The relative absence of part-time work seems to be a combination of personal financial pressures (i.e., few women feel they can afford to work part-time), but also workplace norms (i.e., there is a lack of quality part-time work on offer). However, Biesheuvel thinks that Afrifresh employees would take up part-time work if it were available: "I think a lot of women with young children would like to work part-time, although it is difficult to implement from a management point of view, because you need more staff."

The company's recent experiment with home-based work for one new mother was unplanned, but proved to be a pivotal learning experience, demonstrating to several managers that flexible working arrangements can be put in place at relatively low cost and with little inconvenience to colleagues. Biesheuvel said, "Ultimately, it turned out well for everyone, but at the time, we had to work hard to convince some senior managers that it was possible to work from home." She noted that this could open the door for more discussions on working from home, but recognizes that it would not be appropriate in all circumstances ("Not for those who are less motivated"). Biesheuvel noted, "It's challenging to maintain the same quality of workplace relationships when you work from home. In impromptu face-to-face meetings, you can take

care of things quickly, but this is impossible when you work from home." However, she admitted that there are also major benefits: "There are productivity gains in working from home—if you have the right discipline, there are fewer distractions and no travel time."

## CONCLUSION

The crèches on Afrifresh farms are a good example of the type of childcare support that benefits low-wage workers in rural areas and provides benefits for the company, including an enhanced profile as an employer of choice in the local area, safety for children on its farms, and higher levels of employee productivity. For a reasonable cost, employers can provide childcare facilities for their worker families. Although childcare is currently more of a basic operational requirement, Afrifresh is considering further enhancing the quality of the crèche in the future to make it more of a stand-out component to further boost the company's reputation as a good employer in the region. Alongside these developments at production sites, the company is also experimenting with flexible working arrangements for professional staff.

**"Ultimately, it turned out well for everyone, but at the time, we had to work hard to convince some senior managers that it was possible to work from home . . . There are productivity gains in working from home—if you have the right discipline, there are fewer distractions and no travel time."**

**Kim Biesheuvel, Finance Officer**

## Endnotes

1. The research for this case study was carried out in 2016. Afrifresh has since changed ownership and the company is now trading as ACG Fruit.
2. Interviews for this case study were conducted in person in April 2016 in South Africa, with a cross-section of Afrifresh staff at the company's head office, and its River Fresh and Bereksanang production sites. Interviewees included managers and employees responsible for farming operations, human resource management, finance, diversity and inclusion, training and occupational health services, ethical trade and social compliance, and childcare.
3. Interviews and focus group discussions were also held with farm supervisors and female employees at River Fresh and Bereksanang.
3. For a detailed description of how Afrifresh supports women's employment more generally, see the Afrifresh case study in IFC. 2016. *The Business Case for Women's Employment in Agribusiness*. [http://www.ifc.org/wps/wcm/connect/industry\\_ext\\_content/ifc\\_external\\_corporate\\_site/agribusiness/resources/publication\\_women+in+agribusiness](http://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/agribusiness/resources/publication_women+in+agribusiness)

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## United States



**Economy name:**  
United States

**Main business city:**  
New York City\*

**Region:**  
OECD high income

**Income level:**  
High income

**Population:**  
318,857,056

**Female population:**  
161,907,741

**Labor force participation (15+):**  
56% female  
75% male

**Compulsory primary education enrollment age:**  
6 years

**Leave policies**

Paid maternity leave	No	o
Paid paternity leave	No	o
Paid parental leave	No	o

**Legal obligation for employers to support childcare**

	<b>0-2 years</b>	<b>3-5 years</b>
Obligation for employers to support childcare?	No	No
Based on the number of female employees?	N/A	N/A
Based on the number of employees regardless of gender?	N/A	N/A
Special legislation on employer-provided childcare?	No	No

**Government incentives to employers to support childcare**

Tax benefits to employers to support childcare?	Yes	Yes
Non-tax benefits to employers to support childcare? (monetary and/or nonmonetary benefits)	No	No

**Quality of private childcare services**

License or registration required?	Yes	Yes
Zoning requirements?	No	No
Pupil-teacher ratio required?	Yes	Yes
Penalties for non-compliance with laws?	Yes	Yes

\*The *Women, Business and the Law* data are based on domestic laws and regulations that apply to the main business city of the economy. For more information on the methodology including the maternity/paternity/parental leave calculation methodology, visit [wbl.worldbank.org](http://wbl.worldbank.org)



# Akamai Technologies

## Information Technology, **UNITED STATES**

### **PARENTS, WORK, AND CHILDCARE IN THE UNITED STATES**

Women make up almost half of the U.S. workforce, and they represent half of all workers with university degrees. Among recent graduates, women are a third more likely to earn a bachelor's degree, and almost 50 percent more likely to earn a master's degree.<sup>1</sup> Many women balance employment with parenthood: 50 percent of mothers return to work within a year of their child's birth, and more than 70 percent of mothers with children under 18 are in the workforce (U.S. Bureau of Labor Statistics, 2016). In most families, all adults work, so they often do not have a family member at home who can easily deal with care responsibilities and domestic emergencies (U.S. Bureau of Labor Statistics, 2016).

Men's involvement in unpaid family work in the United States has risen substantially in recent years, but women continue to do the majority of childcare and household work, and are more likely to reduce their time in paid work when childcare is unavailable (Pew Research, 2015). The labor force participation rate of mothers is substantially below that of fathers, and after several decades of increasing labor force participation rates, there has been no further increase in mothers' rates of paid employment since the late 1990s (Hess et al., 2015).

Working families have little public support to help them provide care for their children. There is no statutory right to paid maternity or paternity leave in the United States. The 1993 Family and Medical Leave Act entitles both mothers and fathers to 12 weeks of job-protected unpaid leave; however, because the statute only applies to larger employers and to employees who work for their employer for at least 1,250 hours per year and for at least 12 months, only 60 percent of all workers qualify for this benefit (Gault et al., 2014). More recently, the Patient Protection and Affordable Care Act requires employers to provide mothers of infants up to 12 months with reasonable breaks (unpaid) to express breastmilk, a private room for expressing, and a fridge where the milk can be securely stored.<sup>2</sup> Publicly financed care for infants and preschool children is limited, and private childcare can be expensive, or alternatively, of low quality and reliability. Universal education starts at age six and kindergarten education is available for five-year-olds in most states, but often only on a part-time basis.

In 2016, **women represented:**

- 24% of Akamai's permanent U.S. workforce

Akamai **supports employees with children** through:

- Paid maternity leave
- Paid paternity and adoption leave
- Back-up care benefits
- Discounts at childcare centers
- Assistance with au pair services
- Financial assistance for adoption
- Flexible working arrangements and a flexible time-off policy

Main **business advantages** of offering childcare benefits:

- Competitive benefit package in a tight labor market, supporting recruitment and retention strategies
- Building block of Akamai's diversity strategy, by demonstrating support of parental and other care responsibilities of employees

MEMBERS OF AKAMAI'S WOMEN'S FORUM IN 2015.



PHOTO: COURTESY OF AKAMAI

In the absence of public benefits, some employers are directly supporting their employees' childcare needs. In 2014, one in 10 private sector workers had access to childcare through their employer (Stoltzfus, 2015). The work-family stress resulting from unreliable or low-quality childcare can lead to lower productivity and motivation, and result in costly loss of human capital when an employee feels pushed to leave the workforce to ensure proper care of their loved ones. Employees, both current and potential, and male and female, increasingly expect their employers to actively support their need to manage both work and family and achieve a better work-life fit (Harrington et al., 2015; PwC, 2014).

This case study discusses how Akamai, a global IT company with a highly professional workforce, supports working parents in its U.S. operations by providing back-up care benefits. These benefits contribute to making Akamai a competitive employer in a tight labor market and, by demonstrating support of parental and other care responsibilities of employees, are a building block of Akamai's diversity strategy.<sup>3</sup>

## COMPANY BACKGROUND

Akamai, one of the world's largest cloud delivery platforms, is a global, publicly-traded IT company with revenues of \$2.34 billion in 2016. It was founded in 1998 and has been listed on the NASDAQ Stock Market since October 1999. Akamai has nearly 7,000 employees in locations around the world, spanning more than 50 countries. Half of these employees are based in the United States (Akamai Technologies, 2016a). The company is headquartered in Cambridge, Massachusetts, where over half of its U.S. employees are based, and has 16 locations throughout the United States.

### Maternity and Paternity Leave at Akamai

**Number of women  
who went on maternity  
leave (in last 3 years)**

122

**Number of men  
who went on paternity  
leave (in last 3 years)**

234

## AKAMAI'S BUSINESS CONTEXT FOR SUPPORTING CHILDCARE

Akamai operates in a highly competitive labor market. Attracting and retaining IT staff is cited as the top challenge by CEOs of IT companies globally (PwC, 2016). Demand for IT services is growing, yet the industry's capacity to respond is limited by the availability of software developers, engineers, and related IT professionals (Bagley, 2014). To improve their attractiveness to potential employees and increase retention rates, leading IT companies are offering a range of work-life benefits, including generous maternity, paternity, and adoption leave policies (Reed and Borison, 2016), childcare supports, and flexible working hours (Alsever, 2013; Frauenheim and Peters, 2016).

The demand for female talent is particularly high, due in part to the scarcity of women in the technology field. Employment trends in the science, engineering, and technology (SET) fields have shown that 41 percent of highly qualified scientists, engineers, and technologists are women; nonetheless, 52 percent of women working for SET companies quit their jobs over time, often citing uncondusive work environments and lack of clarity regarding career progression (Center for Talent Innovation, 2014). Additionally, women earn only 18 percent of information sciences degrees (U.S. Department of Education, 2014b). Because of these factors, women are a minority of employees in the IT sector in the United States. At the entry level, women in the U.S. tech industry make up 37 percent of



employees,<sup>4</sup> far below their share of the U.S. workforce (47 percent). At each level of the hierarchy, women's share of the IT workforce falls, reaching a low of 15 percent at the most senior levels, according to a recent survey by McKinsey and LeanIn.org (Krivkovich, Kutcher, and Yee, 2016).

The business benefits of having a more gender-diverse workforce, from entry level all the way to senior leadership, are well documented (Barker et al., 2014). A global productivity boost of \$430 to \$530 billion could be generated through closing the global tech industry's female leadership gap, and additional \$470 to \$570 billion in new value for the U.S. technology industry through full representation of ethnic and gender diversity (Thomas et al., 2016).

At Akamai, "diversity is a mission-critical goal, and executives are held accountable for demonstrating progress throughout the year toward our strategic objectives" (Akamai, 2016b). Creating an attractive and enabling working environment for all its employees, including employees who have or are planning to have children, is part of Akamai's mission to be a diverse company.

## **HOW AKAMAI SUPPORTS EMPLOYEES WITH CHILDCARE NEEDS**

Akamai's U.S.-based employees with children face several challenges. Work at Akamai is time-intensive; employees work long hours and they often bring work home in the evenings (although the company has a strong tradition of keeping dinner time, from 6 to 9 p.m., free of meetings and urgent memos, to allow employees to spend that time with their families). Depending on an employee's department within the company, they may face additional challenges, such as syncing transnational schedules or managing client meetings. Many parents working at Akamai have a partner who also works full time, a situation that is particularly common for female employees, and some are single parents. In addition, many Akamai employees do not have grandparents or other family members close by who can step in to help with childcare

tasks, particularly those employees who have moved to the United States from other countries. In the United States, publicly provided childcare for infants, toddlers, and preschool children is limited, and private childcare can be very expensive. In Cambridge, where Akamai is headquartered, the estimated annual cost of infant care is \$19,326, and care for a four-year-old in Massachusetts is close to \$13,000 (Child Care Aware of America, 2017).

In 2014, company founder Tom Leighton stepped in as the CEO of Akamai Technologies. In travelling to several Akamai locations around the globe to speak with employees about their needs, he learned of the widespread desire for assistance with childcare. In addition to internal feedback, there was an external impetus for amending the benefits package. Akamai benchmarks its benefits against its main competitors in the IT industry and noted that more of these companies were offering benefits addressing the needs of working parents, creating pressure on Akamai to revise its benefits package to stay competitive in its recruitment efforts.

Akamai provides its U.S.-based employees with a number of childcare-related benefits, including paid maternity and paternity leave, subsidized back-up care, discounts at selected childcare centers, a \$500 voucher toward the use of an au pair agency, and a voucher toward the use of an adoption agency. Akamai also offers flexible working arrangements and is one of the few companies that offer "unlimited" paid time off for vacation or illness (paid time off can be individually agreed upon with one's supervisor, without reference to specific leave entitlements). Akamai further offers employees a Dependent Care Spending Account, which allows employees to pay for childcare-related expenses (such as daycare or summer camps) from pre-tax earnings.<sup>5</sup>

### Maternity, paternity, and adoption leave

Akamai offers all U.S.-based workers who have been with the company for at least 12 months both paid and unpaid parental leave. As noted earlier, the 1993 Family and Medical Leave Act stipulates that employers with at least 50 employees must offer 12 weeks of job-protected unpaid leave for employees with serious health conditions, birth-related medical leave, or for employees to bond with new children. In accordance with national policy, Akamai provides 12 weeks of unpaid family leave for new parents. In addition to the statutory requirement, birth mothers at Akamai can receive pay for up to 18 weeks of this family leave—eight weeks through the company's short-term disability insurance and 10 weeks of paid family leave provided by Akamai, which is paid at 100 percent of past salary. New fathers and adoptive parents also receive 10 weeks of paid leave via Akamai's family leave policy, but do not qualify for the temporary disability insurance benefit because the benefit only covers medical needs.

### Back-up care benefit

Akamai's research on benefits commonly provided in the IT industry (the company regularly benchmarks its benefits package against its competitors) showed that back-up care and other work-family benefits are becoming increasingly common. As a result, the company decided to offer back-up care as a starting point for helping its employees address their childcare needs, while continuing to consider additional potential benefits, such as building an on-site daycare center at the planned new company headquarters, which will also be located in Cambridge, Massachusetts.

In March 2015, after a year of preparation and outreach, Akamai introduced its new back-up care benefit. Under the benefit, each employee can use up to 15 days per year of subsidized back-up care. It is open to all employees,<sup>6</sup> male and female, irrespective of level of seniority or number of children. Half of all users of the benefit are men. The benefit can also be

#### Akamai's Back-up Care Use, 2015–2016

87 employees used the service; 43 users (49%) were women

On average, employees used:

162 in-center days 480 in-home days

7.4 days, on average, used by employees who used the benefit. Number of days used range from 1 to 15 days

used for eldercare, although to date, it has almost exclusively been used for childcare. Back-up childcare is available either on an individual basis by a nanny at a subsidized rate of \$6 per hour, or at designated childcare centers, where employees pay \$20 per day per child. The center-based back-up care must be used in one-day installments; the individual back-up care requires a minimum of four hours at a time.

Akamai's back-up care benefit is provided through Care@Work by Care.com. Launched in the United States and listed on the New York Stock Exchange, Care.com is the world's largest online marketplace for finding and managing family care services and spans more than 20 countries, serving more than 24 million members. The networking platform connects families looking for a caregiver (such as nannies or eldercare providers) with caregivers seeking employment. In addition, the Care@Work program allows employees to access a separate network of care providers that are engaged by Care.com to provide back-up care services in-home or in childcare centers. To be part of the network, in-home agencies and childcare centers must meet all relevant licensure and registration requirements and comply with certain quality standards established by Care.com.<sup>7</sup>

To use the back-up care benefit, Akamai employees individually register on their company's customized Care@Work portal, and can find sitters or a slot at a childcare center through the desktop portal (see Figure 1) or via the Care@Work app. As an additional benefit, employees receive the full membership benefits of Care.com in case they want to use services beyond those included in the Akamai back-up care package. Employees that employ an in-home caregiver, such as a nanny, have access to Care.com HomePay, a service that handles the payroll, tax withholding, and tax filing needs for household employers.

Akamai designed the back-up care benefit in consultation with the Care@Work team. Based on their experience with other corporate clients, the Care@Work team provided estimates about the percentage of employees who would use the benefit, and how many back-up care days they were likely to use. Akamai purchased a set number of back-up care days that placed them among the higher end of client utilization at the time, with the option to purchase additional days on an as-needed basis. Employees at Akamai exhausted the original set of days before the end of the first year, which was, according to Ben Robinson, Care.com's Global VP of Sales,

a reflection of both Akamai's employment growth and the success and popularity of the program. In response to the high demand for the program in its first year, Akamai increased the number of back-up care days by 40 percent in the program's second year.

### Other childcare-related benefits

Akamai employees who prefer to have their children looked after in the home, or to have childcare supplemented by in-home care, can receive a \$500 voucher toward the costs of hiring an au pair.<sup>8</sup> Au pairs can help cover the time between daycare, school hours, and working hours, or they can sometimes work like nannies and provide care for preschool-aged children. Eighteen employees have registered to host an au pair through this program.

## HOW EMPLOYEES BENEFIT FROM CHILDCARE SUPPORT OFFERED BY AKAMAI

Employees report benefiting from Akamai's childcare supports in three main ways: they save on the costs of care; they save on the time needed to organize and find care; and they gain confidence in the quality of care. Parents who do not have family close by are the primary users of the back-up care benefit. This includes both single and married mothers, as well as married fathers whose wives also work full time. One mother—a member of Akamai's Women's Forum, one of Akamai's employee resource groups set up to raise awareness of diversity and inclusion at the company (Akamai Technologies, 2016b)—explained, "The daycare is closed very often and I have no family here. My husband's family is in Florida, my family is in Montreal; there [are no] relatives here. There is no one who is not working who is able to come and take care of my child."

**Figure 1. Employees enter their back-up care needs through the Care@Work interface.**

The screenshot shows a web interface titled "Backup care" and "Tell Us About Your Family". On the left, under "Your Backup Care Benefits", it lists: In-Home Co-Pay: \$6.00/hour, In-Center Co-Pay: \$20.00/day, Days Allocated: 15, Days Used: 1, and Days Remaining: 14. The main section, "Tell Us About Your Family", includes a note: "We'll keep this information on file and use it to help you find backup care now, and in the future." Below this is a "Your Children" section with an "+Add Child" link. A form for a child named "Jennifer Fernandez" is shown, with fields for "Child Date of Birth" (January 1, 2013) and "Gender" (Female). There is a "Special Needs" checkbox and a "General notes" text area. At the bottom, there is a checkbox for "Is child address different than parent?".

A marketing executive, a divorced mother who raises her two boys on her own, also with no family nearby, recounted how back-up care made it possible for her to attend an important out-of-town business meeting. She used her back-up care benefit to find a sitter to look after her children from 8 a.m.–5 p.m., and her au pair provided cover during the evening and at night. Without the benefit, she said that it would have been “very challenging” to find childcare for her children while she was away, and that she may have had to fly family in from out of town. Akamai’s \$500 au pair benefit, apart from the financial support, helped her identify an au pair agency whose staff was willing to work around her full-time schedule to make navigating the process easier.

A senior software engineer reported how much she has benefited from both the back-up care arrangement and the discounted daycare center option. When she had her first child, before joining Akamai, she found it impossible to find suitable infant care, and, in the end, brought over her mother from India for nine months to look after the baby. For her second baby, she was able to benefit both from the back-up care and the center discount. She found out about these options when Akamai and Care@Work organized a “bring your children to work day” to promote the new caretaking benefits. The event gave parents the opportunity to meet nannies

**“The daycare is closed very often and I have no family here. There is no one who is not working who is able to come and take care of my child . . . So what I feel good about is that I know that my child can be taken care of by someone who has been vetted.”**

**Mother of a preschool child and Women’s Forum group member**

**“I’ll be going away for a customer conference in San Francisco. I don’t have any parents in the area, so I have my back-up care provider doing 8–5 for the entire week and then my au pair will do the early morning and bedtime so that I have around the clock coverage. It would have been very challenging . . . I would have had to fly family in from out of town for the week if I didn’t have that benefit.”**

**Single mother of two children and Women’s Forum group member**

and sitters from the Care@Work back-up care network, and watch them play with their children. She also made use of the discounted daycare option. Researching daycare centers can be bewildering and can take a substantial amount of time. Having a list of centers to choose from reduced the time she needed to find a center and increased her confidence in the choice she made, in addition to providing a welcome reduction in the cost.

Another software engineer with a two-year-old, whose wife also works full time and with no family living in the country, reported that he used the back-up care program to work from home when his child was sick. The sitter distracted his child while he worked, and the child felt comfortable knowing that his father was close by.

**Paid vacation and leave for illness**

Akamai's benefit package includes "unlimited" vacation and sick days for its employees, who schedule time off in consultation with their supervisor. Although Akamai offers access to unlimited leave, employees generally take three to four weeks of leave per year. A manager explained that she felt that having unlimited time off meant that Akamai employees did not have to stress about missing work, and that she was not concerned when employees on her team had to take time off or worked from home: "My focus is on showing progress. As long as people are making progress with their tasks, I don't care when exactly they're working . . . we are hiring people with sufficient experience and maturities that I can trust them to do a good job, and I don't care what time they work or where they're working from."

Paid vacation time and sick days help parents deal with periods when schools are closed, when children are sick, and/or times when parents themselves or other family members fall ill. Although the freedom to stay home to care for a sick child was clearly appreciated, the lack of clear guidelines on how much leave was appropriate to take provided an area of uncertainty for some new parents. In the United States, new parents typically draw on accrued sick days to add time to their paid maternity or paternity leave. One father reported that after his child was born, he felt unsure whether he could also take paid vacation under Akamai's unlimited paid leave policy in the same year in which he had taken his paid paternity leave. He did not want to be seen as exploiting the policy by adding additional paid time off. He felt that perhaps a clear allocation of leave days would have made such a decision easier. Akamai is aware of these potentially unintended effects of their unlimited leave policy and plans to address them with further clarification and communication.

**"My focus is on showing progress. As long as people are making progress with their tasks, I don't care when exactly they're working . . . we are hiring people with sufficient experience and maturities that I can trust them to do a good job, and I don't care what time they work or where they're working from."**

**Maya Bustan, Senior Product Manager**

**Flexible working arrangements**

Flexible working arrangements are becoming a trend among many tech companies and other employers, with 80 percent of companies offering flexible work arrangements in 2015 globally (WorldAtWork, 2015). Although Akamai maintains a traditional office working culture, employees are allowed flex hours and afforded the option to work from home. Sarah Sardella, Senior Director of Global Benefits, explained, "We hire smart people, who know what they are doing, and we let them do it. We treat them like adults."

Akamai's company-wide policy of allowing informal workplace flexibility for all its employees, in addition to "Akamai Anywhere," a formal policy that facilitates 100 percent work-from-home arrangements for a smaller number of employees, promotes a results-based culture where it matters less where you perform your work than what you deliver. As long as their supervisor agrees, employees are free to work when and wherever suits them and their team. In a limited number of areas, where face-to-face interaction is perceived as vital to the work process, such as in the design team, flexibility is more limited. Still, even there, employees are typically able to work from home on a limited basis if they so desire. In addition to the



**“I’ve been in the tech industry and one of the biggest flaws [was] the flexibility. But at Akamai, if I have to leave at three to do something at the children’s school, I just log in late that night and everyone’s pretty cool—they’ve been really good with it. That’s been critical for me being able to work while having children.”**

**Mother of three children and  
Women’s Forum member**

general encouragement of flexible working, Akamai also has a formal work-from-home arrangement, where the employee receives resources to set up a home office.

Parents highly value this flexibility. Many Akamai employees regard the option to leave the office early and make up hours in the evening or on weekends, or to work from home during the day to care for a sick child, as one of the most valuable benefits the company offers. Given Akamai’s locations in areas with high volumes of traffic (in addition to its Cambridge, MA headquarters, Akamai has locations in major cities such as Atlanta, Chicago, New York, and San Francisco), flexible working arrangements help employees manage commute time. One father stated that having the option to manage his own start time was an important factor in his decision to take a position with Akamai.

A senior software engineer explained the importance of having flexibility over her schedule to fit in with her two children. She said, “If I didn’t have the [flexible working] option, I actually might have had to take a long leave of absence or quit, but

knowing that Akamai is so flexible and seeing that they are putting all these things [such as the back-up care benefit] into place makes things much easier.”

## **THE BUSINESS IMPACT OF AKAMAI’S CHILDCARE BENEFITS**

The childcare benefits offered by Akamai are a small part of the company’s overall benefits package, which includes health insurance, a wellness initiative, unlimited leave, and a retirement benefit plan. Through the company’s customized Care@Work benefits program, Akamai pays for employee access to premium membership on Care.com, back-up care, senior care planning services, and the childcare center discount program. Under the annual contract with Care.com, employees can access back-up care for the 15-day benefit at a substantially subsidized rate. Because of its contract with Care.com, Akamai’s additional costs for administering the benefit are limited. The company does not need to spend time enrolling individual employees; each employee must sign up on the Care.com website. Care.com handles payment of back-up care providers after directly collecting an employee’s hourly or daily copayments. Akamai’s administrative costs are limited to communicating the availability of the benefit to employees, and to organizing occasional events, such as “bring your children to work” events, to raise awareness about the Care.com options.

**“To me it [offering caretaking benefits] means that Akamai acknowledges the fact that people have children and they get sick sometimes . . . That acknowledgement that Akamai has, it’s definitely meaningful to me.”**

**Software engineer, father of a toddler**

**"If I didn't have the option I actually might have had to take a long leave of absence or quit, but knowing that Akamai is so flexible and seeing that they are putting all these things [such as back-up care] into place makes things much easier."**

**Senior software engineer, mother of two children, California**

Although Akamai has not conducted a detailed impact analysis, simple back-of-an envelope calculations suggest that the company recoups the costs by allowing employees to keep working when they would otherwise have to take off work, and/or convincing even one person to stay at Akamai who may otherwise have decided to leave. The cost to the company for a day of back-up care is significantly less than a software engineer's average daily salary and is more than met given the conservative assumption that on a normal day an employee's productivity is at least equal to 100 percent of his or her salary. Indeed, the productivity benefits from back-up care alone more than cover expenses for the total care support package.

Once the potential impact on improved retention and recruitment are also taken into account, the benefits to Akamai are substantial. According to Akamai, it takes approximately nine months until a newly hired professional worker is fully productive. Added to the costs of lower productivity are the recruitment costs, the lost revenue while the position is vacant, and the time spent by colleagues and managers to bring the new person up to speed. The costs for replacing an experienced professional employee are estimated to be at least nine months' salary (Allen, 2008). If only one or two employees who would otherwise have left choose to stay with Akamai, the costs of the benefit are more than fully recouped.

## RECRUITMENT

The business benefits extend beyond the comparably small number of employees—approximately 50 of Akamai's 3,500 U.S. employees—who directly use back-up care by allowing Akamai access to the talent pool it wants to recruit and retain. This contributes to Akamai's broader strategy of being a diverse and inclusive company.

Akamai's back-up care benefit and flexible work environment are useful tools in the company's recruitment strategy to stay competitive with other tech companies. Although the back-up care benefit is not as extensive as the childcare-related benefits offered by some of its competitors, it sends an important signal that Akamai welcomes employees with children. Work-life balance is one of the selling points for the company when appealing to potential mid-career employees, students, and recent graduates alike.

According to Diversity, Inclusion, and Corporate Social Responsibility Manager Julia Bonarrigo, part of Akamai's recruitment messaging is that Akamai is a place where employees can build a career and maintain their work-life balance. Although potential candidates rarely raise work-family issues during the interview process directly, they may turn to other channels of information, such as Glassdoor or Monster.com, to see how current employees rate the work environment at Akamai. As another manager explained, "From a recruiting and retention perspective [is] where [the back-up care benefit] matters most . . . it would be harder to compete with [peer] companies for top talent, if we did not offer something on childcare."

## Retention and motivation

Akamai has a loyal workforce, with a U.S. employee turnover rate of 10.7 percent.<sup>9</sup> Yet, managers do not see this as a reason for complacency. In addition to saving Akamai the significant expense of replacing even loyal employees who feel they must leave the company because they cannot find workable solutions to their childcare needs, care-related benefits serve as motivation for employees who do not even use the benefits. Employees note that they appreciate the company's efforts to help employees with children have a

better work-life fit, and many believe the caregiving benefits are representative of the company's commitment to diversity and support for its staff. This effect of the childcare benefit on the motivation and commitment of employees, whether they are individually benefiting or not, is borne out by research (Butts, Casper, and Yang, 2013; Grover and Crooker, 1995). One manager, Marissa, said, "If some of these things weren't in place I don't think that we would be as successful as a business. I don't think our people would be as happy [and] I don't think that we would retain people as long as we do."

### Productivity

Although in a knowledge-based company such as Akamai, it may not be easy or appropriate to quantify the value of one day of work, when employees must be absent unexpectedly, their work with colleagues or customers is interrupted, possibly leading to a short-term loss of productivity of the team. A manager explained that for client-serving employees, an unexpected loss of a day's work can require more than one day for the employee to catch up, requiring them to "[jump] through hoops" to reschedule a client meeting. Although work can typically be rescheduled, it then increases the workload of the parent who was off (and possibly of colleagues), resulting in higher levels of stress, burn-out, and lower productivity later.

The back-up care benefit allows employees to keep up with their work during childcare and other care emergencies. One mother described how back-up care has helped her: "I would say it improved my productivity. You can use your time better and you have peace of mind. You're not worried about how to make it work—trying to work from home when you have [a] sick baby . . . This is a much easier option." For her, being able to have back-up childcare meant that instead of trying to work and take care of her sick child from home—or worrying about her child being at school or daycare even though he is sick—she was able to go about her day as normal with peace of mind.

**"I do believe in terms of employees . . . they'll probably feel better about the company. They'll feel more loyal to the company. It'll probably make them more productive knowing that they have that flexibility to take care of their children when they need to."**

**Nicola Peill-Moelter, Senior Director of Environmental Sustainability**

### Diversity

The back-up and other care-related benefits are a small but significant component of Akamai's strategy to create a truly diverse tech company. Akamai is committed to gender diversity from the top down. Three of Akamai's 12 board members are women, the result of a conscious strategy to increase gender diversity on Akamai's board that started in 2001 (Leung, 2013). The retention and promotion of women into leadership positions is an important goal for Akamai. The company complements its internal diversity strategy through outreach efforts to address the shortage of gender and racial/ethnic diversity in the tech talent pool, such as the Akamai Technical Academy, a training boot camp designed as a mechanism for discovering and contracting diverse talent from traditionally overlooked talent pools, including women reentering the workforce after having children, and support for programs targeted at girls in middle and high school, such as Girls Who Code, Chick Techs, and Green Light for Girls (Husain, 2016).

## LESSONS LEARNED

The back-up and related caregiving benefits send important signals to Akamai's current and potential employees that the company recognizes the demand for greater support of employees' work-life balance, including the particular needs of employees with children. Although only a relatively small number of employees with childcare and adult care needs use the back-up care benefit, awareness of the benefit is much greater, and contributes to Akamai's goal of being perceived as a company that welcomes employees with caregiving responsibilities.

In designing and delivering its back-up care program, Akamai benefited from choosing an experienced partner, Care.com, who helped scope the benefit. Once Akamai identified the need for childcare-related benefits, through both its internal consultation process and its benchmarking activities, it was able to draw on the Care@Work team's experience working with similar clients to decide on the benefit's initial design. Akamai's contract with Care.com also provided sufficient flexibility that Akamai could increase the number of days of care when it became clear that demand exceeded the initial estimate.

Akamai only recently introduced its childcare-related benefits in March 2015, and is still exploring how best to support and maximize the benefit's impact, for example, by more explicitly weaving stories and experiences of back-up care users into its general employee communication strategy. Although it is clear that employees who were in the greatest need of such childcare support made full use of the benefit, there are other employees who have less actively engaged with Care@Work's benefit options and feel less certain that an on-call network of sitters or daycare would be helpful to them.

Communicating and sharing stories of Akamai employees who have used the benefit will help to strengthen the message that Akamai recognizes and accepts the care responsibilities of its employees (whether they use back-up care or not).

Akamai offers a competitive compensation package with benefits designed to match industry standards. Although no single policy can meet the needs of all of a company's employee parents, Akamai has established a benefit that enables employees with children to more seamlessly fulfill their responsibilities at home and at work. Offering the back-up care benefit is a starting rather than an endpoint in Akamai's work-family benefit strategy. Combined with its flexible work policy, Akamai's childcare-related benefits have helped build a company culture that upholds the company's commitment to, as the Akamai diversity statement says, "foster a work environment in which all employees feel that they can contribute and perform to the best of their abilities." Akamai's childcare-related benefits work alongside efforts to support Akamai's goals of developing a more gender-diverse talent pool and enrich the Akamai work environment by recruiting and supporting employees from different backgrounds and perspectives.

## Endnotes

- 1 Calculated based on U.S. Department of Education, 2014a.
- 2 The law formally applies only to hourly paid workers, not to workers in supervisory, managerial, or salaried positions (U.S. Department of Labor, 2017).
- 3 Interviews for this case study were conducted in person and over the phone in September 2016 with a cross-section of Akamai staff, including compensation and benefit specialists, managers responsible for diversity and inclusion, sustainability, finance, and facilities; three users of back-up care benefits; and a focus group discussion with members of Akamai's Women's Forum. Of the 13 Akamai staff interviewed individually and six focus group participants, three were based in California and the remainder in Massachusetts. Interviews were also conducted with representatives of Care.com's enterprise arm, Care@Work, through which Akamai offers back-up care and subsidized childcare.
- 4 This concerns women's share of all employees in tech companies. In critical tech roles, the share tends to be smaller (Cheng, 2015). For example, 31% of Google's global workforce are women, compared with 19% of workers in tech roles (Google, 2017).
- 5 In 2013, 36 percent of private sector workers in the United States had access to such dependent care accounts (Stoltzfus, 2015).
- 6 Only permanent employees qualify, temporary or contract workers are not included.
- 7 Care.com enters into agreements with in-home care agencies and childcare centers to provide the Care@Work back-up care services. With few exceptions, each participating network agency and center employs its providers and is responsible for the services it provides.
- 8 An au pair is a young person from another country who spends a limited time (typically 12 months) with a host family to learn about the host country's culture and language. In exchange for room and board and a weekly stipend, au pairs are expected to perform household duties, including childcare. In the United States, au pairs must be hired through a limited number of official agencies. Annual costs for an au pair, including agency fees, language classes, healthcare insurance, return flight, and a monthly stipend, are slightly under \$20,000 (Care.com Inc., 2017).
- 9 This is the annualized U.S. employee turnover rate for June 2016–May 2017.

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## Turkey



**Economy name:**  
Turkey

**Main business city:**  
Istanbul\*

**Region:**  
Europe & Central Asia

**Income level:**  
Upper middle income

**Population:**  
75,837,020

**Female population:**  
38,599,168

**Labor force participation (15+):**  
32.5% female  
71% male

**Compulsory primary education enrollment age:**  
6 years



### Leave policies

Paid maternity leave	Yes	112 days
Paid paternity leave	Yes	5
Paid parental leave	No	0



### Legal obligation for employers to support childcare

	0-2 years	3-5 years
Obligation for employers to support childcare?	Yes	Yes, up to 5.5 years
Based on the number of female employees?	150+ (childcare centers)	150+ (childcare centers)
Based on the number of employees regardless of gender?	No	No
Special legislation on employer-provided childcare?	Yes	Yes



### Government incentives to employers to support childcare

Tax benefits to employers to support childcare?	No	No
Non-tax benefits to employers to support childcare? (monetary and/or nonmonetary benefits)	No	No



### Quality of private childcare services

License or registration required?	Yes	Yes
Zoning requirements?	No	No
Pupil-teacher ratio required?	No	No
Penalties for non-compliance with laws?	No	Yes

*Note: Laws applicable to private preschools providing services for children ages 3–5 include provisions on zoning standards.*

\*The *Women, Business and the Law* data are based on domestic laws and regulations that apply to the main business city of the economy. For more information on the methodology including the maternity/paternity/parental leave calculation methodology, visit [wbl.worldbank.org](http://wbl.worldbank.org)

# Borusan

## Industry/Heavy Manufacturing, **TURKEY**

### PARENTS, WORK, AND CHILDCARE IN TURKEY

Turkey's economy has grown considerably over the past 15 years, resulting in increased employment and income levels and important progress on core human development indicators. Educational outcomes for women, in particular, have improved, leading more women to join the labor force (Munoz Boudet and Wiseman, 2015). However, there is scope for further progress, with women's labor force participation in Turkey remaining less than half that of men, at 32.5 percent in 2016 (Turkstat, 2016a). Reducing these gaps entails potentially powerful economic gains: global consulting firm McKinsey estimates that Turkey's gross domestic product (GDP) would increase by around 20 percent by 2025 if women's labor force participation rate could be boosted to the Organisation for Economic Cooperation and Development (OECD) average of 63 percent (Devillard-Hoellinger et al., 2016).

Although there are several reasons for the persistent gender gaps in workforce participation in Turkey, women's role as the main caregivers for children is a key factor. Recent time-use data indicates that women in Turkey, on average, spend about 4.5 hours per day on household activities and family care, compared to around 50 minutes for men.<sup>1</sup> This has an impact on women's ability to take up paid work outside the home. A survey carried out by the World Bank found that 71 percent of women who had been in paid employment and decided to quit their jobs did so due to childcare responsibilities (World Bank, 2015). At the same time, recent poll data suggest that the preferred option for 87 percent of women, and more than 60 percent of men, in Turkey is for women to have a paid job or to be able to combine paid work and family responsibilities (Gallup and ILO, 2017).

In this context, access to childcare can be instrumental in helping mothers in particular to effectively combine work and family responsibilities. Childcare services in Turkey are provided mainly by the public sector (83.8 percent of all providers), with the majority of childcare and preschool capacity accounted for by preschool classrooms in primary schools (54.7 percent) (World Bank, 2015). Although there are gaps in coverage and availability of center-based childcare in Turkey, especially in rural areas, affordability appears to be the main constraint on access to childcare. According to research by the World Bank (2015), average

#### In 2016, **women represented**

- 16% of Borusan Group's overall workforce in Turkey

#### Borusan **supports parents with children** through:

- A childcare subsidy for Borusan Mannesmann employees
- Corporate social responsibility project funding the construction of crèche facilities in organized industrial zones (OIZs)
- Breastfeeding and lactation stations at all group locations
- Parents' leave entitlements
- Flexible working and leave arrangements (where practical)
- Policies aiming to increase gender diversity and support women's employment and empowerment

#### Main **business impacts** of providing childcare supports:

- Attracting and retaining the best workers, at all levels of the organization
- Maintaining a positive corporate reputation by demonstrating leadership on women's economic empowerment
- Attracting investment and business partners

BORUSAN EMPLOYEES AT WORK.



PHOTO: COURTESY OF BORUSAN

households in Turkey perceive the cost of formal childcare to be too high. Median monthly fees for full-day care range from 300 Turkish lira (\$84) for public providers to 700 Turkish lira (\$197) for private facilities. Both figures exceed the amount that most families are willing to pay (World Bank, 2015).

Against this backdrop, improved access to affordable childcare is a critical lever for reaching national objectives on women's labor force participation, as formulated in the Turkish government's first-ever National Action Plan on Women's Employment 2016–2018 (IŞKUR, 2016) and its Tenth National Development Plan 2014–2018 (MoD, 2014). Encouraging more private sector organizations to offer childcare services responds to these policy objectives (AFD and Development Analytics, 2015). Private preschools accredited with the Ministry of National Education are eligible for income tax exemptions for a period of five years and in 2014, private investment in kindergartens and daycare centers was added to the government's list of priority topics for investment, making it eligible for a range of additional tax reductions (AFD and Development Analytics, 2015; see also Investment Support and Promotion Agency, 2017). Moreover, national law requires all workplaces employing more than 150 women (irrespective of age or marital status) to provide childcare services.<sup>2</sup> However, enforcement of this provision is not always effective and some employers may prefer to pay the monthly noncompliance fine of about 1,200 Turkish lira (\$336) (AFD and Development Analytics, 2015), especially given that operating costs for private crèches are estimated at 21,200 Turkish lira per month (\$5,935) (World Bank, 2015).

This case study examines initiatives introduced by Borusan Group ("Borusan" or "the Group"), a Turkish industrial group, to support working parents with their childcare needs by providing childcare subsidies and through a corporate social responsibility (CSR) project funding the construction of crèche facilities in organized industrial zones (OIZs). Borusan's main

benefits come from attracting and retaining the best workers, at all levels of the organization, and from maintaining a positive corporate reputation by demonstrating leadership on women's economic empowerment.<sup>3</sup>

## COMPANY BACKGROUND

Established in 1944 as an iron-steel producer, Borusan is one of Turkey's leading industrial conglomerates, comprising 16 subsidiary companies and employing some 9,000 people in 12 countries.<sup>4</sup> Borusan companies are divided into one holding and four groups: the steel group, the distributorship group, the logistics group, and the renewable energies group. The Group's headquarters (and those of most of its subsidiaries) are located in Istanbul, and the bulk of production and logistics facilities are concentrated in the nearby Bursa-Gemlik area.

Borusan has experienced impressive growth in recent years. The Group enjoyed an annual growth rate of 23 percent from 2001 to 2010, with revenues doubling from \$2.4 billion in 2006 to \$4.3 billion in 2016. Steel and distributorship continue to be the cornerstone of Borusan's success, together accounting for more than 75 percent of total group revenue in 2016; however, the company has identified renewable energy and logistics as likely growth areas in the future.

## BORUSAN'S BUSINESS CONTEXT FOR SUPPORTING CHILDCARE

After more than a decade of strong growth, domestic and regional political developments and the depreciation of the Turkish lira have clouded Turkey's economic outlook since 2015. Although the overall economy, helped by fiscal and monetary policy, demonstrated resilience to severe shocks, the business climate in Turkey remains subdued in light of political and economic uncertainties. The manufacturing sector is not exempt from this: weakening demand, both domestic and external, has forced producers to explore additional market opportunities to maintain growth (OECD, 2016a; World Bank, 2017).

Borusan is well aware of these challenges: the company is constantly striving to enhance productivity and to anticipate and adapt to changes in its operating environment, with innovation underpinning its strategic outlook (Borusan Holding, 2016). In this equation, people are a crucial variable and an important challenge. The increasingly specialized nature of the export-oriented manufacturing industry requires a growing number of skilled technicians, and Turkey's vocational education system is not currently suited to serve this demand (OECD, 2016b). A 2013 survey found laborer, production operator, mechanic, engineer, and technician to be among the top 10 jobs Turkish employers have the most difficulty filling (Manpower Group, 2013).

In this context, offering quality employment and competitive benefits, such as support for employees to balance work and family responsibilities, becomes part of a broader and strategic effort to attract and retain the best workers, women and men alike. Recent improvements in female labor force participation in Turkey—up from 23 percent in 2007 to 31 percent in 2015 (World Bank, 2016)—so far have been largely attributable to the employment of women in the country's growing service sector. Few women seek employment in the industrial sector, which accounted for 16 percent of female employment in 2016 across the country, with slightly higher levels in Istanbul (25 percent) and Bursa (30 percent), where the majority of Borusan's operations are located (Turkstat, 2016b).

Women in the industrial sector are particularly underrepresented in technical occupations, with strong sociocultural norms underpinning prevailing notions around the desirability and suitability of certain types of work for Turkish women (Oxfam and Tepav, 2015). With only 3 percent of women working as plant and machine operators in 2016 compared to 12 percent of men (Turkstat, 2016c), there are substantial opportunities for the industrial sector to tap into the female talent pool, and to open up new job choices and career pathways for women in the sector.

Against this background, finding the right people and maintaining high levels of staff satisfaction, motivation, and loyalty are important for Borusan in ensuring continuous

commercial success. The Group's activities on childcare, too, are geared toward attracting and retaining the best workers, keeping employee satisfaction levels high, and facilitating women's participation in the labor market, particularly the industrial sector.

## HOW BORUSAN SUPPORTS WORKING PARENTS WITH CHILDCARE NEEDS

Borusan supports working parents in a number of ways, with initiatives that benefit both Borusan's employees as well as the broader (non-Borusan) workforce in the manufacturing sector. This case study focuses on two specific initiatives carried out by different entities within the Group: the "My Mom's Job Is My Future" program, a CSR project funded by the not-for-profit Borusan Kocabiyik Foundation (through its own funds, as well as Group companies' donations to the foundation); and a direct childcare subsidy program for blue-collar workers at Borusan subsidiary Borusan Mannesmann. These initiatives are considered within the context of the recently introduced "Equal Borusan" platform, which aims to promote and support gender diversity across the Group.

Through the "My Mom's Job Is My Future" project, Borusan is funding the establishment of crèches in OIZs in areas with particularly high levels of female unemployment. The project, which does not benefit Borusan's direct employees, is delivered through a public-private partnership (PPP) with the Turkish government.

With respect to its own workers, Borusan Mannesmann recently trialed a direct childcare subsidy provided to male blue-collar workers, while other Group companies are testing flexible working hour schemes to support employees with children. Going beyond statutory requirements,<sup>5</sup> Borusan has put in place breastfeeding and lactation rooms at all Group locations. All employees enjoy maternity and paternity leave entitlements in line with statutory requirements, which provide four months of paid and six months of unpaid



maternity leave,<sup>6</sup> as well as five days of paid leave for fathers.<sup>7</sup> Moreover, Borusan is currently consolidating its flexible benefits and practice of granting working mothers and fathers additional leave to attend school meetings into a new, Group-wide HR and equality policy.

### **“My Mom’s Job Is My Future”: Provision of crèches in industrial zones**

Since 2012, the Borusan Group has been running the “My Mom’s Job Is My Future” (*Annemin İşi Benim Geleceğim*) project, focusing on the provision of childcare in industrial areas throughout Turkey, with the aim of enabling women’s participation in the labor force. As one of the focus areas of its CSR activities, the Group promotes women’s empowerment not only in its own operations, but also in the broader industry and society, explained Canan Ercan Çelik, Chairwoman of Borusan subsidiary Borusan Danışmanlık and Secretary-General of the Borusan Kocabiyık Foundation: “We wanted to do something to enhance women’s employment, something that could serve working women’s needs nationwide. So we approached the Ministry of Families and Social Policy to discuss how we could make such a contribution to society.”

“My Mom’s Job Is My Future,” which is delivered through a PPP between the Borusan Group, the Ministry of Families and Social Policy (MoFSP), and the Ministry of Science, Industry, and Technology (MoSIT), foresees the establishment of crèches

in 10 selected OIZs. The childcare centers are open to children up to six years old whose mothers work in the OIZs. Borusan has committed up to 5 million Turkish lira (\$1.4 million) to the project, with OIZs for new crèches selected by the ministries according to the actual and potential levels of women’s employment.<sup>8</sup> The Borusan Kocabiyık Foundation finances the construction of the crèches, including planning, building, and furnishing, with one Group company serving as sponsor for each facility and providing additional funding for toys and other equipment. The finished “Borusan Joy Factories” (*Borusan Neşe Fabrikası*) are then handed over to the OIZ management, who operate the facilities, including hiring teachers and

obtaining operating licenses for the crèches from the MoFSP.

Since the opening of the first “Joy Factory” in Adıyaman in 2013, three more have been opened in OIZs in Malatya, Afyonkarahisar, and Balıkesir, sponsored by Borusan Yatırım (Malatya), Borusan Holding (Adıyaman and Afyonkarahisar), and Borusan Otomotiv (Balıkesir).



CHILDREN IN THE PLAYGROUND OF A BORUSAN “JOY FACTORY.”

**“The demand is definitely there. Already during construction, we had women in the OIZs approaching us, asking when the crèche would be opened.”**

**Öznur Halılcıkoğlu, Corporate Communications Senior Specialist, Borusan Holding**



PHOTO: COURTESY OF BORUSAN

The Balıkesir OIZ was added following a 2014 mine accident in the nearby city of Soma, which left many women widowed and in need of employment to support their families (Yeginsu, 2015). “The demand is definitely there,” said Öznur Halılcıkoğlu, Senior Corporate Communications Specialist at Borusan Holding, who is responsible for coordinating the program. “Already during construction, we had women in the OIZs approaching us, asking when the crèche would be opened.”

Since 2013, a total of 285 working mothers have used the four Joy Factories, each built with the capacity to care for 75 children. However, with a total of 87 children currently enrolled across all four (30 in Adıyaman, 24 in Afyonkarahisar, 13 in Malatya, and 20 in Balıkesir), there is scope for greater uptake. Practical challenges include delays in opening the crèches and difficulties in hiring a sufficient number of teachers. Moreover, many women are not willing or able to pay the fees, which range from 150 to 300 Turkish lira (\$41 to \$82) per month for full-day care, even though this is considerably lower than the national median of 700 Turkish lira (\$197) for private providers (World Bank, 2015). “We want fees to be symbolic,” said Ercan Çelik. The company has considered subsidizing the cost of the Joy Factories; however, this is difficult due to the structure of the PPP, which means that the management and administration of the facilities lies with the OIZ.

Borusan is convinced of the social value of its investment, as well as the reputational benefits for the Group, and hopes the project will have an impact beyond its current scope. The Group has considered sharing its experiences from the project (potentially including, for instance, architectural plans) with interested companies or other OIZs who are committed to childcare provision and who sign a comparable protocol with the ministries in charge.

### **Borusan Mannesmann childcare subsidy**

Borusan Mannesmann is a subsidiary of the Borusan Group and part of its steel business. A leading manufacturer of steel pipes, Borusan Mannesmann operates a large plant in Bursa-Gemlik; a production facility in Halkalı, Istanbul, where its headquarters are also located; and two plants in Houston, Texas, and Northern Italy. The company has about 1,600 employees, with 1,300 of these in blue-collar roles. Its blue-collar workforce, salesforce, and technical functions are almost exclusively male, with women concentrated in certain white-collar roles, including finance, administration, customer relations, corporate communications, and HR.

In July 2016, Borusan Mannesmann introduced a new subsidy to support its predominantly male blue-collar workforce with respect to childcare-related expenses. The initiative resulted from a conversation between Zafer Atabey, General Manager of Borusan Mannesmann, and a group of blue-collar workers. At the end of a meeting at Borusan Mannesmann’s Gemlik factory, he asked workers whether there was anything more that the company could do to better support its workforce. One worker expressed regret that his wife had to give up her job to look after their twins. According to Atabey, “The worker said that there is no one to look after the kids, and that his wife had to quit her job because they could not afford to send their children to a crèche. This got me wondering whether there is something that we can do about this.”

Under the program, a monthly subsidy of 200 Turkish lira (\$57) is available to blue-collar workers for each child from three to six years old, provided that they can demonstrate that their children are enrolled in kindergartens or preschools and that their spouse is in formal employment. For blue-collar workers, whose net earnings at Borusan Mannesmann range between 2,000 and 3,000 Turkish lira (\$567 to \$851) per month, this constitutes a significant additional benefit. For Borusan Mannesmann management, the aims of the program are two-fold: to provide direct support to its workers and their families, and to support the Group’s broader goals of promoting women’s labor force participation in Turkey. Although the



BORUSAN MANNESMANN FACTORY IN HALKALI, ISTANBUL

PHOTO: COURTESY OF BORUSAN

benefit is available to male and female blue-collar workers, in practice it is only taken up by men, as Borusan Mannesmann's blue-collar workforce is almost exclusively male.

Workers were invited to apply for the subsidy in August 2016, in the lead-up to the beginning of the new school year in September. The launch of the initiative was communicated through workplace notice boards and via email, with information provided on eligibility criteria and the application procedure. Trade union representatives were consulted during planning, and were also involved in communicating the new subsidy to workers. As of April 2017, a total of 12 male workers from Borusan Mannesmann's Halkalı and Gemlik plants applied, and have benefited from the subsidy for the past academic year. This represents around 1 percent of the total workforce, and most of those eligible for the subsidy, according to Borusan Mannesmann management. The costs of the childcare subsidy program will amount to roughly 36,000 Turkish lira (\$10,140) in its first year.

The subsidy is the result of careful consideration: as Firat Akkemik, Head of HR and Corporate Development at Borusan Mannesmann, pointed out: "Once you've implemented such a program, it is really hard to take it back. We had to get it right from the beginning."

Atabey described the decision-making process involved: "In the beginning, I tried to design something much more complicated: build our own childcare facility, for example. Then I asked around and thought twice: I realized that our workers in Gemlik do not live close to the factory [so may not want to bring their children to work]; also, we can't build a crèche on our site. It's too dangerous. How would we operate it? We would need to contract another party. How could we be assured of the quality of care provided? In the end, I tried to do something more powerful and concrete: the subsidy seemed the fastest and most efficient solution."

In line with research by the World Bank (2015), it was also clear to Borusan Mannesmann that the main problem for workers was not a lack of childcare facilities, but rather their affordability. For most beneficiaries, the subsidy covers all or most of the cost of childcare, particularly in Gemlik, where the majority of Borusan Mannesmann's production is located and living costs are lower than in Istanbul. A simple, yet efficient



POSTER USED TO ANNOUNCE THE CHILDCARE SUBSIDY.

PHOTO: COURTESY OF BORUSAN

solution, the subsidy requires minimal administrative effort. It is added to employees' payrolls as a net benefit, with Borusan Mannesmann compensating the additional income tax costs.<sup>9</sup> The subsidy maintains maximum flexibility for families in their choice of childcare, as it is not tied to any particular childcare provider.

Beneficiaries value the subsidy for two main reasons: it eases the financial strain on families, and it ensures that children have access to formal education at an earlier age. According to Tolga Durmuş, a male employee who works in quality control and whose five-year-old daughter attends a crèche at a cost of 500 Turkish lira per month, "We are really benefiting from the subsidy. The whole thing makes our life more comfortable and we see the benefit through our child." For Özcan Mutlu, a male technical maintenance worker, the support "is important, because it reduces the financial burden a little, but also because I see the difference in my child. She is five and a half and can already read!"

There are also broader implications for gender equality in workers' family life. The subsidy makes childcare more affordable, and, in some cases, makes it possible for workers' wives to participate in paid employment outside the home. Some beneficiaries observed that working outside the home gave their wives greater autonomy and more equality within the home. According to Kemal Kayan, a male employee and beneficiary of the program. "[My wife's work] means that she can gain financial independence . . . It also means that you share things at home on an equal basis. Now [because we both work] we do similar activities in the home, and it makes our relationship stronger. We are happier as a couple, and for this we are really appreciative."

**"In the beginning, I tried to design something much more complicated: build our own childcare facility, for example . . . In the end, I tried to do something more powerful and concrete: the subsidy seemed to be the fastest and most efficient solution."**

**Zafer Atabey, General Manager, Borusan Mannesmann**

Not only the beneficiaries appreciate the subsidy; their colleagues are equally supportive. Fatih Özdemir, Production Team Leader and father of an eight-year-old daughter, remembered the challenges he and his wife faced when it came to childcare: "We asked ourselves a lot of questions about costs. Is it actually worth working? Or is it really better to stay at home, given the cost that you pay for kindergartens?" Salih Namık, an electrician and maintenance worker with two sons, ages 11 and 19, agreed that the subsidy is very important, even if he does not benefit himself: "There are many here who need this, I hope it will be expanded. Childcare is important for all children. It has real benefits for them." Levent Baştürk, Production Team Leader, explained that he and his wife plan to use the subsidy and enroll their 15-month-old daughter in a kindergarten from age two: "I think childcare from a certain age is important. Also in light of technological developments, children today need specialized education early on."

**“We are really benefiting from the subsidy. The whole thing makes our life more comfortable and we see the benefit through our children.”**

**Tolga Durmuş, Quality Control, Halkalı plant, Borusan Mannesmann, father of one**

### Parental leave entitlements

All Borusan Group employees are entitled to four months of paid maternity leave and five days of paid paternity leave, in line with national legislation. The Group enjoys a high rate of return from maternity leave, especially in light of the high proportion of women nationally who quit their jobs due to childcare responsibilities (World Bank, 2015). From 2014 to 2015, 92 women across the Group took maternity leave; of these, more than 80 percent returned to their positions after their maternity leave and remained there for at least 12 months. Some 183 men used paternity leave over the same period (Borusan, 2016). The Group also allows employees to add their annual leave entitlements, which are more

generous than those defined in Turkish law, to the maternity and paternity leave periods. In line with national legislation, Borusan also gives mothers the opportunity to take unpaid leave of up to six months after the expiry of the initial four-month period, and additional unpaid leave subject to managers' agreement.

### Breastfeeding and lactation stations

Breastfeeding and lactation rooms are available to nursing mothers at all locations of Borusan Group companies. They provide a private, secluded environment for breastfeeding and lactation and are equipped with comfortable armchairs, air conditioning, window blinds, a refrigerator for storage, and a sink. In practice, the rooms are mostly used for lactation, as Borusan does not have on-site childcare facilities. In putting in place these nursing rooms across all Group locations, irrespective of the number of female staff, Borusan goes beyond statutory requirements, as Turkish labor law mandates the provision of a breastfeeding room only in workplaces with more than 100 women workers.

According to Turkish law, mothers of children younger than one year old may take 1.5 hours' break time per day to breastfeed their child, at any time of their choosing.<sup>10</sup> Borusan provides its employees with the additional flexibility of using this entitlement to take one day off per week, instead of daily breaks.

### “Let's Code, Girls!": Investing in Borusan Workers' Daughters

Borusan is committed to promoting women's empowerment, and firmly believes that its workers' daughters are an important starting point. Complementing the support provided to workers' wives and children's education through the childcare subsidy, Borusan has also tried to foster the empowerment of women and girls in its workers' families through an initiative to encourage girls' interest in science and technology (Borusan, 2017).

In 2016, Borusan partnered with social enterprise KizCode to introduce girls to coding and information technologies. As part of the “Let's Code, Girls” (*Haydi Kızlar Kodlamaya!*) project, 150 girls between seven and 14 years of age, daughters of Borusan factory workers (including from Borusan Mannesmann), were invited to participate in coding workshops at Borusan locations in Bursa-Gemlik, Halkalı, and Sefaköy. The program aimed to build the girls' confidence and problem-solving abilities and to stimulate their interest in science, technology, engineering, and math.





ENTRANCE TO NURSING ROOM AT BORUSAN SUBSIDIARY SUPSAN.

PHOTO: COURTESY OF BORUSAN

### Flexible working arrangements

A number of Borusan companies provide flexible working arrangements to their white-collar staff, with policies and practices differing across the Group. For example, Borusan Otomotiv, part of the Group's automotive distributorship business, has a policy in place allowing employees in white-collar positions to work from home for two days every month. Borusan Holding, as well as Borusan Otomotiv, Borusan Enbw Energy, and Borusan Danışmanlık have been allowing employees to adjust their start and end times since 2013, helping them to combine work and care responsibilities. Borusan Mannesmann does not have a formal policy, but tries to provide flexibility to its employees on an ad hoc basis where possible. Across all Group companies, flexible working hours are difficult to implement in a shift working system, and hence mostly limited to white-collar workers. Moreover, practical challenges also impede a wider rollout, explained Semra Akman, Borusan's Chief HR Officer, as the company provides free-of-charge transport services to its workers in many locations, which cannot be run on a flexible schedule.

Borusan companies also operate a flexible approach to granting employees emergency leave to look after their children, for example, in case of illness, school-related obligations, or last-minute disruptions in care arrangements. For example, employees can ask their manager for additional leave on the last day of kindergarten or primary school. This flexibility is valued by employees: Ebru Üstüner, for instance, who has worked in Borusan Mannesmann's sales planning department for 15 years, said, "We are lucky that we have the opportunity to work from home if our child is unwell. I think it is related to how much Borusan value their employees." From Borusan's perspective, it is an important part of the company's approach to human resource management. According to Akman, "We view our employees as people, and that also reflects on our view of family responsibilities, irrespective of gender. It is not a problem to get your manager's approval for taking time off to tend to your sick child or to attend a school meeting, for example." New HR policy guidelines focusing on gender equality that are currently being developed at Group level (explained in more detail in the next section) will allow parents to take additional time off to attend school meetings.

**"We view our employees as people, and that also reflects on our view of family responsibilities, irrespective of gender. It is not a problem to get your manager's approval for taking time off to tend to your sick child, or to attend a school meeting, for example."**

**Semra Akman, Chief HR Officer,  
Borusan Holding**

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**Ebru Üstüner, Sales Planner, Halkalı plant, Borusan Mannesmann and mother of two children**

future, which may include financial support to cover childcare expenses. The HR guidelines contain a foreword by the CEO, underlining the high profile of the “Equal Borusan” initiative and gender diversity more broadly within the company.

These activities are accompanied by a campaign to raise awareness of discriminatory language: posters and signs at Group locations sensitize staff on the use of nondiscriminatory and gender-neutral language. “We want to make sure that women know their rights, and that no one prevents them from enjoying their rights,” explained Akman. “We want to increase the ratio of women in our company and ensure that they have equal opportunities to grow.”

### **“Equal Borusan”: Policies to support women and gender diversity**

Borusan’s activities to support childcare feed into a broader corporate commitment to gender diversity and to creating better workplaces for women. In 2015, the company launched the “Equal Borusan” (*Borusan Eşittir*) platform, aiming to entrench a more systematic approach to equal opportunity through enhanced HR policies, training and capacity-building, internal communications, and awareness-raising as well as research and benchmarking activities.

As a first step, “Equal Borusan” focuses on gender diversity across the Group, and Borusan is currently finalizing new HR policy guidelines on nondiscrimination. The guidelines will, among other things, require Borusan companies to actively ensure that women and men alike are included as candidates in all new recruitment processes, and will codify practices around granting additional leave to working mothers and fathers to attend children’s school meetings. It also foresees the provision of flexible benefits to female employees in the

### **BUSINESS IMPACTS OF BORUSAN’S ACTIVITIES ON CHILDCARE**

Borusan firmly positions its efforts to support working parents and promote women’s economic participation as part of its duty to society, in line with the Group’s long-standing philanthropic tradition and commitment to development in Turkey. For Borusan, creating employment opportunities for women through enhanced provision of childcare is an end in itself, irrespective of its economic efficiency or benefits to the business, and a central element of its corporate responsibility commitments.

Yet, there also are important, positive outcomes for Borusan that are (directly or indirectly) linked to its strategic challenges and maintaining its leading position in a competitive market. These include the retention and attraction of the right talent, including women; reputational gains and enhanced relations with various stakeholders; and tax benefits in relation to childcare investments.



“EQUAL BORUSAN” POSTER SUGGESTING NONDISCRIMINATORY LANGUAGE.

PHOTO: COURTESY OF BORUSAN

**“We want to make sure that women know their rights, and that no one prevents them from enjoying their rights. We want to increase the ratio of women in our company and ensure that they have equal opportunities to grow.”**

**Semra Akman, Chief HR Officer, Borusan Holding**

### **Attracting and retaining the best workers, at all levels of the organization**

Having a reputation for supporting the childcare needs of its employees can help Borusan to attract and retain staff. According to Akman, “Finding and recruiting the right people is a real challenge,” especially for blue-collar and technical positions, but also for professional staff and management. The “Equal Borusan” platform arises from the recognition that a more women-friendly working environment, and a gender-diverse workforce and management team, can bring benefits to the company and its people. The new HR gender equality guidelines foresee executive training opportunities and leadership development support specifically targeting women, as well as a guarantee to return to the same position following maternity leave and a commitment to equal opportunities in promotion, irrespective of gender and motherhood.

Moreover, treating employees well and offering competitive benefits has strategic importance for Borusan companies. Given the Group’s need to achieve high levels of productivity to stay competitive, high levels of retention are a must. According to Akkemik, it can take up to six months for an

entry-level blue-collar worker to reach full productivity, but this rises to two years for blue-collar positions with higher levels of responsibility, such as a machine operator’s assistant. “Making people happy, keeping people happy, and keeping people here,” as Atinç Ocak, Technical Units Group Manager at Borusan subsidiary Supsan, puts it, is a key priority for the business—and an important ingredient for its success. All Borusan companies focus on developing increasingly higher levels of performance, and managers are keenly aware that they need to invest in their employees—women and men alike—to achieve this.

As Akman underlines, Borusan is a people-oriented company. Supporting its employees and maintaining high levels of staff satisfaction are important objectives for the Group, also with a view to maintaining the business’ success. Atabey explained that, “Pipes are a simple product. You need another asset to be successful. For us, it’s success through people. We invest in our people at every level.” The childcare subsidy is part of this effort. Management expects the subsidy to have a strong positive effect on employees’ satisfaction and loyalty to the firm, with follow-on effects for ongoing productivity, and plans to assess these outcomes as part of its next employee satisfaction survey.

**“Pipes are a simple product. You need another asset to be successful — for us, it’s success through people. We invest in our people at every level, from blue-collar workers up to high-level management.”**

**Zafer Atabey, General Manager, Borusan Mannesmann**

### **Maintaining a positive corporate reputation**

As one of Turkey's leading industrial conglomerates, Borusan's philanthropic activities are an important means of enhancing the company's reputation, by highlighting its commitment to making a positive and concrete contribution to the country's future development. It is difficult to assign a precise value to a company's positive reputation; however, it is clear to Borusan that there are numerous business benefits attached to being identified as a modern and socially responsible company in Turkey, including improved market value, a stronger profile with business partners and customers, and better access to talent.

Women's economic empowerment has always been an important focus area for the company's philanthropic and corporate responsibility initiatives, and Borusan believes "the involvement of women in business life is an integral part of the development process in Turkey" (Borusan, 2015). The "My Mom's Job Is My Future" project clearly forms part of this long-standing philanthropic tradition. The different activities to support working parents across the Group are also anchored within this broader commitment and contribute to Borusan's reputation as a company supporting women, both among its workforce and in society.

Borusan demonstrates its leadership on women's economic empowerment through its participation in several high-profile programs. The company is a signatory to the United Nations Women's Empowerment Principles (WEPs) and, in 2014, became the first Turkish member of the WEPs Leadership Group, with the "My Mom's Job Is My Future" project and the "Equal Borusan" platform highlighted as examples of best practices in the WEPs implementation guide for Turkey (UN Global Compact Turkey and UN Women, 2017). The public recognition associated with these programs brings important reputational rewards for Borusan, raising awareness of its brand and the scope of its operations (particularly given that its operations are predominantly business-to-business [B2B])

and developing its public profile as a socially responsible company that is committed to building stronger communities and supporting women.

Support for childcare can also help to strengthen Borusan's profile and its relations with the government, especially through its PPP on childcare in OIZs. The "My Mom's Job Is My Future" initiative helps to position the Group as a responsible contributor to Turkey's economic and social development, which may also help to strengthen Borusan's bids for public contracts. The cooperation between Borusan and the two ministries has benefited the project, for example by simplifying and shortening administrative procedures around the construction and licensing of the Joy Factories.

### **Attracting investment and business partners**

Borusan's support for women's economic empowerment and working parents' childcare needs can strengthen the Group's profile with investors and business partners who are keen to apply a socially responsible lens to their investments. The Group has an increasingly international outlook, including long-standing cooperation with international business partners and a growing orientation toward export markets. For example, about two-thirds of Borusan Mannesmann products are currently destined for export—a share that Borusan Mannesmann hopes to increase. The company is also seeking to expand its footprint in North America, having opened a steel mill in the United States in 2014. A number of Group companies, including Borusan Mannesmann, operate partnerships with international firms, who also value Borusan's commitment to social responsibility.

Operating in a largely B2B environment, Borusan knows that sustainability and gender equality initiatives, in which childcare supports play an important part, are taken seriously by investors and business partners globally, who see a strong corporate commitment to sustainability, in policy and practice, as a proxy for sophisticated and modern management systems. Social sustainability also plays an ever-greater role in indices and

benchmarks ranking company performance. As Halılcıkoğlu puts it, “Nowadays, these indices increasingly look at what you do for people, not only at commercial aspects.”

### **Realizing tax savings through targeted investment in childcare**

The Turkish government added private investments in kindergartens and daycare centers to the list of priority fields for investment in 2014, making them eligible for a range of tax reductions. Additional incentives apply if the investment is within an OIZ (AFD and Development Analytics, 2015; see also Investment Support and Promotion Agency of Turkey, 2017). Hence, Borusan’s investment in “My Mom’s Job Is My Future” not only brings important benefits to the mothers and fathers working in the selected OIZs, but is also financially efficient, saving the company an estimated 20 percent in corporate taxes applicable to the investment.

## **LESSONS LEARNED**

### **Understanding and capturing business impacts**

Currently, several innovative approaches to supporting childcare and women’s employment are taking place in and across several companies within the Group. Some of these are in their early stages (the Borusan Mannesmann childcare subsidy and “Equal Borusan” platform), whereas others have been in place for a number of years (the “My Mom’s Job Is My Future” project, which started in 2012). To date, these initiatives have understandably focused on taking action—i.e., launching and implementing programs. However, to increase impact and extend uptake, next steps should involve a greater focus on monitoring and measurement: companies that measure outcomes, costs, and benefits are better positioned to make childcare support a business priority and demonstrate leadership to others.

One of the important next steps for Borusan is to better understand how childcare supports for workers provide business benefits—i.e., the extent to which each existing initiative has had, or could have, beneficial outcomes for the Group or OIZs and OIZ companies. For instance, the Borusan Mannesmann subsidy could provide a template for other Borusan companies to support the childcare needs of their predominantly male blue-collar workforces; however, to convince other Borusan companies, Borusan Mannesmann needs to be able to demonstrate the program’s value. Borusan Mannesmann is planning to monitor and review the program every year going forward, but it is still considering the methodology that it will adopt. To build a better picture of the business benefits, Borusan Mannesmann will need to consider how best to measure costs and benefits (e.g., productivity data, or scores on employee satisfaction surveys), and how to put in place a framework to monitor changes over time. Building a business case is equally important for strengthening the impact of the “My Mom’s Job Is My Future” program, given that the engagement of OIZ authorities has been strongest where there is explicit demand from OIZ companies.

Borusan is aware that a strong framework for measuring and monitoring outcomes is an important enabler for increasing the impact of Borusan’s childcare support activities and meeting the company’s gender diversity objectives. It was also one of the driving motivations for introducing the “Equal Borusan” initiative, particularly in relation to targets for women in leadership. According to Ercan Çelik, “If you don’t commit yourself, and measure your commitment, nothing will change. We have been talking for a while now, but there hasn’t been any major change, so this is where ‘Equal Borusan’ comes in.”



### **Strengthening links between programs and sharing lessons learned**

Another important next step for Borusan is to identify and strengthen links between its existing interventions on gender equality and childcare support and understand their collective impact on its efforts to promote gender equality and women's economic empowerment.

The new "Equal Borusan" initiative provides an ideal, Group-wide platform for internal peer learning and knowledge sharing, giving managers from different companies an opportunity to share good practices, highlight dilemmas, and learn from one another's experience. This could help Borusan to understand how childcare support can fit into its Group-wide policies on gender equality, while remaining receptive to the particularities and specific needs of individual companies. "Equal Borusan" could also provide an avenue for raising the profile of the Borusan Mannesmann childcare support subsidy and exploring the feasibility of rolling out similar approaches in other subsidiaries, taking into account Borusan Mannesmann's lessons and experiences. More broadly, the Borusan Mannesmann example can act as a prompt for discussing the roles of both women and men in supporting families and promoting women's economic participation.

There is ample scope for learnings to be transferred between Borusan's CSR initiative and its internal HR policies and programs. For instance, one of the lessons learned from both Borusan Mannesmann's experience and the "My Mom's Job Is My Future" project is that supporting or ensuring the affordability of childcare needs to be a key consideration in any childcare initiative in Turkey. The Borusan Mannesmann experience highlights the role that employers in OIZs could play in filling the gap between fees and parents' willingness or ability to pay for the Joy Factories' services.

**"If the wives of these 12 workers are working and in the labor force, that's already great. But I would like to reach much more, maybe 50, or even 100. There may be more things for us to investigate and look into."**

**Zafer Atabey, General Manager, Borusan Mannesmann**

A greater emphasis on measurement and evaluation (as described earlier) will help to enrich these exchanges. In its early stages, the primary emphasis of the "Equal Borusan" initiative is currently on nondiscrimination (as evidenced in the new HR guidelines) but childcare will likely continue to rise up the agenda as Borusan deepens its efforts to promote gender diversity within its operations.

### **Creating tailored programs that respond to workers' stated needs**

Understanding the childcare challenges that working parents face, and how they differ depending on geographical location, job role, or personal circumstances, is essential in developing practical approaches to childcare support that work in different locations. The childcare subsidy currently trialed at Borusan Mannesmann, for instance, arose organically from an attempt to create a more positive working environment for its employees. In doing so, it recognizes that male employees also have childcare needs, and shows the importance of thinking creatively about childcare support, considering location and context in identifying the most effective approach. Listening to workers was essential in bringing about the childcare subsidy,

and integrating feedback from staff into the evaluation will be vital in increasing uptake and maintaining its success in the future.

Although only some workers at Borusan Mannesmann received the childcare subsidy during its first year, management is keen to build on the pilot's success and expand the number of beneficiaries. The company intends to review the approach this year, collecting and taking into account workers' feedback and looking into opportunities to enhance its offering and extend the subsidy's coverage. This may involve the rollout of the childcare subsidy to other parts of Borusan Mannesmann (for example, white-collar roles), or amending the criteria for eligibility to also include, for instance, children younger than three or partners not currently employed but able to demonstrate that they are looking for a job. By doing so, Borusan Mannesmann management hopes to make an even greater, positive impact on the lives of workers and their families. For Atabey, "If the wives of these 12 workers are working and in the labor force, that's already great. But I would like to reach much more, maybe 50, or even 100. There may be more things for us to investigate and look into."

## CONCLUSION

Borusan is a unique example of a large company that sees the value of childcare with a broader social lens, not just within the context of its own direct workforce. Through its "My Mom's Job Is My Future" initiative, Borusan seeks to increase the attractiveness of the industrial sector for women and to promote women's empowerment in Turkey more generally. This pioneering approach is part of Borusan's deep philanthropic commitment to supporting broader social development in Turkey, while maintaining and enhancing the company's reputation with its workforce, government stakeholders, and the community.

As Borusan continues to intensify its efforts to increase gender diversity within the company, particularly in blue-collar jobs, support for working parents and women's economic empowerment are likely to become an increasingly important tactic. Currently, different companies within the Borusan Group are implementing their own activities on childcare, each tailored to that company's profile and needs. In the case of Borusan Mannesmann, this includes an innovative new initiative based on the understanding that male blue-collar workers (and their families) can benefit from childcare support.

Several Borusan initiatives are at a relatively early stage of development, and the Group is still rolling out its approach to gender diversity. Nevertheless, as this case study shows, Borusan's activities to date have already had important benefits—not only for the workers involved, but also for the company. For Borusan, people are the key ingredient to its success, and supporting their workforce, including in relation to employees' childcare needs, constitutes an investment in the company's continued growth and innovation through positive impacts on employee attraction, retention, motivation, and loyalty.

## Endnotes

- 1 See Turkstat [http://www.turkstat.gov.tr/PreTablo.do?alt\\_id=1068](http://www.turkstat.gov.tr/PreTablo.do?alt_id=1068).
- 2 This requirement does not apply to Borusan, as it does not employ more than 150 women at any one location.
- 3 Interviews for this case study were conducted in person in Istanbul in April 2017 with a cross-section of Borusan staff at group and subsidiary level, including the Director of HR of the Borusan Group, the Secretary-General of the Borusan Kocabiyik Foundation, representatives of the Corporate Communications department of the Borusan Group, the General Manager and Head of HR of Borusan subsidiary Borusan Mannesmann as well as the General Manager, Head of HR, and Technical Units Group Manager at Borusan subsidiary Supsan. Three focus group discussions with workers were conducted at Borusan Mannesmann: one with blue-collar male workers benefiting from the childcare subsidy, one with blue-collar male workers not benefiting from the childcare subsidy, and one with white-collar female workers. Additional interviews with male and female blue-collar workers were held at Supsan.
- 4 Azerbaijan, Cyprus (North), Georgia, Italy, Kazakhstan, Kyrgyzstan, Netherlands, Oman, Russia, Turkey, the UAE, and the U.S.
- 5 According to the 2013 Regulation on Work Conditions of Pregnant or Nursing Women, Nursing Rooms and Child Care, Art. 13, nursing rooms must be established at workplaces with more than 100 female employees.
- 6 2003 Labour Act, Art. 74.
- 7 2003 Labour Act, Additional Art. 2.
- 8 In practice, the average cost per crèche for each of the four facilities finished so far has amounted to about 1 million Turkish lira.
- 9 Adding the subsidy to a worker's salary increases the amount of taxable income, and hence the amount of income tax paid. Borusan Mannesmann pays this difference to avoid any costs of the subsidy to workers.
- 10 2003 Labour Act, Art. 74.

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**Economy name:**  
Japan

**Main business city:**  
Tokyo\*

**Region:**  
OECD high income

**Income level:**  
High income

**Population:**  
127,131,800

**Female population:**  
65,306,963

**Labor force participation (15+):**  
49% female  
70% male

**Compulsory primary education enrollment age:**  
6 years



### Leave policies

Paid maternity leave	Yes	98 days
Paid paternity leave	No	Parental leave is available to men
Paid parental leave	Yes	309



### Legal obligation for employers to support childcare

	0-2 years	3-5 years
Obligation for employers to support childcare?	Yes	Yes
Based on the number of female employees?	No	No
Based on the number of employees regardless of gender?	No	No
Special legislation on employer-provided childcare?	No	No



### Government incentives to employers to support childcare

Tax benefits to employers to support childcare?	No	No
Non-tax benefits to employers to support childcare? (monetary and/or nonmonetary benefits)	Yes (subsidy to cover nursery building and operations expenses)	Yes, (subsidy to cover nursery building and operations expenses)



### Quality of private childcare services

License or registration required?	Yes	Yes
Zoning requirements?	No	No
Pupil-teacher ratio required?	Yes	Yes
Penalties for non-compliance with laws?	Yes	Yes

\*The *Women, Business and the Law* data are based on domestic laws and regulations that apply to the main business city of the economy. For more information on the methodology including the maternity/paternity/parental leave calculation methodology, visit [wbl.worldbank.org](http://wbl.worldbank.org)





# The Bank of Tokyo-Mitsubishi UFJ, Ltd.

## Financial Services, **JAPAN**

### **PARENTS, WORK, AND CHILDCARE IN JAPAN**

The large majority of Japanese women under the age of 65 are in the workforce, and most married women work, a stark reversal from 35 years ago (Gender Equality Bureau Cabinet Office, 2016). Yet, mothers are less likely to be employed in Japan than in many other high-income economies (OECD, 2016) and more than 60 percent of working women leave the workforce when they become mothers, often for several years (Gender Equality Bureau Cabinet Office, 2016). This loss of experienced women from the workforce is costly to Japanese employers, and the Japanese economy more generally. By their late 40s, many of these women have returned to work, but are concentrated in low-wage, part-time, or temporary positions (Statistics Japan, 2016). Many large companies continue to follow a dual-track career system, where opportunities for advancement to management are limited to those who have continuity of employment and are able to relocate across the country. Employees are typically hired straight out of university and those who interrupt employment, and/or are unable to relocate, are typically limited to less senior and/or more administrative positions. The options for mid-career recruitment and reentry are limited. Japan, moreover, has a large gender wage gap, reducing incentives for educated women to return to employment (Kato and Kodama, 2015).

Being a working parent is difficult in Japan (OECD, 2016). There are long waiting lists for daycare, and privately run centers are expensive (Osaki, 2016). Long commute times can act as an additional barrier to combining employment with family care (Abe, 2011). The gender division of unpaid family care work is particularly unequal in Japan (Addati et al., 2016). A culture of long working hours further impedes work-family balance, and reduces fathers' scope for sharing family work (OECD, 2015). Although parental leave policies apply to both parents, only 2 percent of fathers took such leave in 2014 (Gender Equality Bureau Cabinet Office, 2016).

The difficulties of combining employment with parenthood are one factor in the dramatic fall in birth rates in Japan (Kato and Kodama, 2015). Japan has one of the lowest birth rates in the world (Gender Equality Bureau Cabinet

The Bank of Tokyo–Mitsubishi UFJ, Ltd.'s **Employee Profile** in 2016:

- 49.5% of The Bank of Tokyo–Mitsubishi UFJ, Ltd. (the Bank's 31,800 permanent employees in Japan and 90% of its 11,425 contract workers are women; 60% when including its temporary staff
- 17% of the Bank's permanent female and male employees have children younger than age five

The Bank supports **employees with children** through:

- One year of job-protected unpaid parental leave before the child's second birthday (in addition to government-provided year of leave paid at two-thirds salary)
- Support programs for women during pregnancy, maternity leave, and reentry
- Childcare subsidies
- Consulting service for finding childcare or babysitters
- Childcare leave of up to 10 days
- Part-time work option until child reaches age nine; overtime time exemption, flexible working hours

Main **business impacts** of providing childcare supports:

- Dramatic improvements in retention of new mothers
- Enhanced customer satisfaction
- Several awards and positive publicity
- Important building block for the Bank's gender diversity strategy

**“In any institution, the diversity of the employees and management is the real driver to make the institution more powerful. If you have more diversified staff, you have diversified ideas, views, and working style. That will enlarge the scope of the business and create more energies. Diversity is critically important for any firm.”**

**Nobuyuki Hirano, President and Group CEO of Mitsubishi UFJ Financial Group**

Office, 2016). Low birth rates are a major contributing factor to the aging of Japanese society and to comparatively high levels of skill shortages experienced by Japanese companies (Ganelli and Miake, 2015). In recognition of the economic costs of low birth rates and women's lower economic participation, the Japanese government has introduced policy measures to reduce barriers to being a working parent, including a year of paid parental leave for both mothers and fathers, a right to work part-time until a child reaches age three, and substantial investments to increase the availability of childcare (Gender Equality Bureau Cabinet Office, 2016). The Japanese government also announced targets to increase women's share of senior management positions to 15 percent in the private sector by 2020. Private companies are expected to play an active role in promoting gender equality and women's economic participation. Under the 2003 Act on Advancement of Measures to Support Raising Next-Generation Children (extended in 2013), all companies with more than 100 employees must develop and publish plans for achieving work-family balance for employees raising children (Umeda, 2014).

This case study discusses how the Bank supports workers with family care obligations in its Japanese operations through childcare subsidies and other supports for employed parents. The Bank has realized dramatic improvements in the retention of new mothers, and childcare supports are an important component of its diversity strategy.<sup>1</sup>

## COMPANY BACKGROUND

The Bank of Tokyo-Mitsubishi UFJ, Ltd. (the Bank) is Japan's premier bank and was established by a merger in 2006 between The Bank of Tokyo-Mitsubishi, Ltd. and UFJ Bank Limited. The Bank's parent, Mitsubishi UFJ Financial Group, Inc. (MUFG) is one of the world's leading financial groups, with total assets of approximately 303.3 trillion Japanese yen or \$2.7 trillion, as of March 31, 2017. Headquartered in Tokyo and with approximately 350 years of history, MUFG's global network has more than 2,000 offices in more than 50 countries. The Group has more than 150,000 employees and about 300 entities, offering such services as commercial banking, retail financial services, trust banking, securities, credit cards, consumer finance, asset management, and leasing.

## THE BANK'S BUSINESS CONTEXT FOR SUPPORTING CHILDCARE

Retaining and promoting female employees is a high priority for the Bank, and for Japan in general. In April 2016, the Japanese Act on Promotion of Women's Participation and Advancement in the Workforce came into force with the goal of improving women's rates of employment and participation, and of supporting enhanced work-life balance for female and male employees. Under the Act, companies need to analyze and monitor progress and develop action plans for improving gender equality. As the largest bank in Japan, the Bank shares and actively supports the goals of the Japanese government of improving gender equality at work and proactively addressing the childcare needs of its employees (Kambayashi and Kato, 2017; Araki, 2006). As Nobuyuki Hirano, President and Group CEO of Mitsubishi UFJ Financial Group and Chairman of the Bank, explained, “In any institution the diversity of the employees and management is the real driver to make the institution more powerful. If you have more diversified staff,

you have diversified ideas, views, and working style. That will enlarge the scope of the business and create more energies. Diversity is critically important for any firm."

The Bank is particularly aware of the need to grow the number of women employees ready to take senior management positions. Currently, only 4.5 percent of senior management positions and 14 percent of all management positions are held by women, although half of the workforce is female. As is still common for many large Japanese corporations, employees are typically recruited straight out of university, at age 23, and are expected to stay and grow with the company (Kambayashi and Kato, 2017; Araki, 2006). The Bank hires employees into three different categories: Core Officers, expected to be fully mobile across different locations (50.9 percent of employees, 7.9 percent female); Limited Area Specific Core Officers, exempted from mobility and transfer requirement (18.6 percent employees, 93.5 percent female), and Associates (30.1 percent of workforce, 97.7 percent female). Traditionally, it has been difficult for women to leave employment and return to a career position later.

The typical age for first birth for women in the Bank who become mothers is 30 or 31. Losing an employee because of motherhood at that stage means losing several years of training and experience. Moreover, given the Bank's focus on growing talent from within, vacant positions are typically not filled through external recruitment. The costs of losing experienced female workers have grown as a result of changes in retail banking, where most of the Bank's female employees work. As technology and the customer base have changed, routine aspects of work have decreased, and demand for expertise has increased. Success in retail banking increasingly depends on providing customized advice to customers, developing long-term relationships, and having in-depth knowledge of a range of sophisticated options. Feedback from customers suggests that the loss of continuity of contacts and expertise when women employees leave after childbirth is detrimental to customers' perceptions of quality. Recognizing these factors, in 2005 the Bank's board instructed it to investigate how to increase women's retention by setting up a Women's Working Environment Promotion team for promoting the role of women in the workplace.

#### In 2016, women at the Bank in Japan were

**4.5%** senior managers/heads of departments

**14%** middle managers

**20%** people in the management succession pool

**49.5%** permanent employees

**77%** employees without supervisory responsibilities

**90.1%** temporary and contract employees



ILLUSTRATION FROM TOMO-NOBI-MAMA, A BROCHURE FOR WOMEN WORKING AT THE BANK.

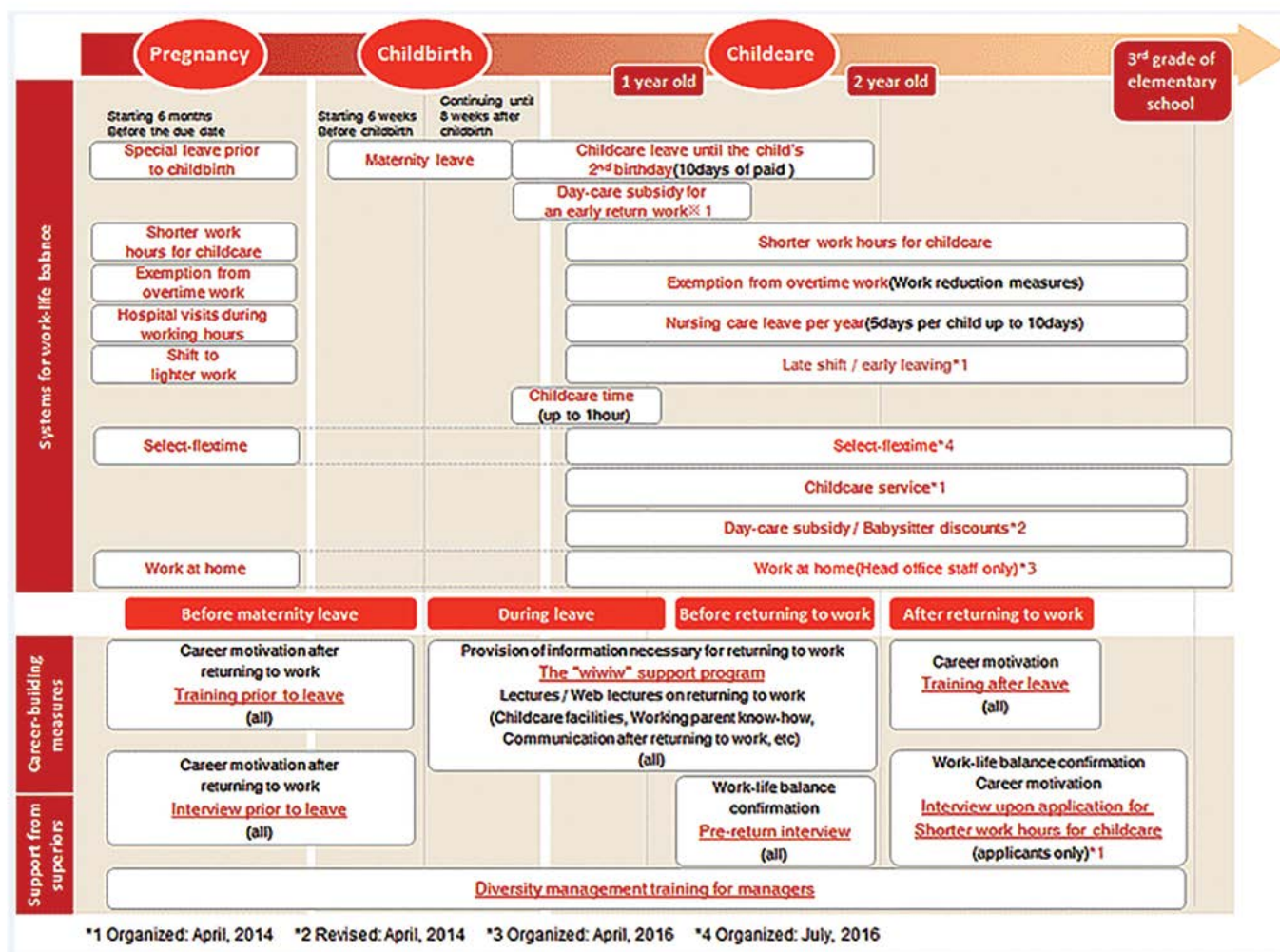
PHOTO: COURTESY OF THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.

Approximately 17 percent of the Bank's employees have children under age five, with no difference in this rate between female and male employees. This shows the success of the Bank's policies, which are encouraging mothers to stay rather than leave the Bank to take care of young children as was the case before the policies were introduced. Yet, because in the past most women left employment when they became mothers, male employees are more than twice as likely as female employees to have children under age 18.

## HOW THE BANK SUPPORTS ITS EMPLOYEES WHO ARE PARENTS

The Bank's focus on supporting working parents and reducing the loss of talent represented by the resignation of new mothers began in 2005, when the Bank formed a Women's Working Environment Promotion team. The team consisted of eight female managers who began by conducting a survey of female employees at the Bank on the working environment for women and steps for creating a more women-friendly working environment. Responses to the survey highlighted difficulties with finding childcare, the desire for leave beyond

Figure 1. Overview of the Bank's policies in support of employees with children



the one-year statutory maternity leave, and the lack of role models and clear communication to emphasize that working mothers were welcome and supported at the Bank. The working group presented its finding to the Board in 2006 and an Equal Partnership Office, subsequently renamed the Diversity and Inclusion Office, was formed in the HR division to take the strategy forward. Several Diversity and Inclusion (D&I) Working Teams were formed to contribute ideas and help with implementation. Initially, these were women-only, but in 2012 they were expanded to include male representatives because it became clear that change would not happen if initiatives focused solely on female employees. The Bank now has diversity teams in three locations across the country. Teams deal with issues of gender diversity as well as other aspects of diversity around disability, aging, and sexual orientation.

The Bank has seen two phases in the evolution of its work-life balance policies, the first phase beginning in 2006, and the second in 2014. During the first phase, activities focused primarily on mothers, through extended maternity leave, childcare supports, reduced and flexible working hours, and the highlighting of female role models. During the second phase, the emphasis shifted on gender equity and cultural change more generally, particularly on tackling the long work hours culture. The Bank's benefits are available to both male and female employees, yet shifting men's behavior has been much more of a challenge. The Bank has designed resources specifically for fathers and, as with women, is pursuing an active communication strategy to identify role models of men who are actively engaged in fatherhood.

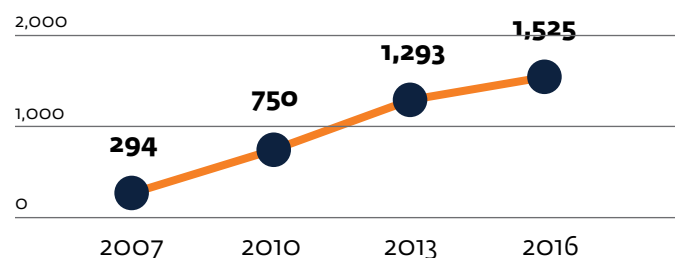
The Bank supports its employees with extended maternity leave, childcare subsidies, childcare leave, assistance with finding childcare, flexible starting times, reduced working hours and overtime exemptions for new parents, and initiatives to create healthier working hours (see Figure 1).

## Maternity leave

In 2016, more than 1,500 women in the Bank were on maternity leave, according to the Bank, a higher number of women than in any other Japanese company. The take-up of maternity leave has increased steeply since the Bank began its focus on greater gender equality a decade earlier (see Figure 2). In 2007, only 294 women took maternity leave.

Under Japanese law, mothers are entitled to 14 weeks of maternity leave, starting six weeks before childbirth and paid at two-thirds of their salary by a government insurance program. Both women and men are entitled to partially paid job-protected parental leave until the child is 12 months old.<sup>2</sup> When the Women's Working Environment Promotion team conducted its survey in 2006 it became clear that many women felt that returning and having their child in a childcare center after 12 months was too soon. In response, the Bank added the option of an additional 12 months of unpaid, job-protected leave. Many women were also not able to see how they would combine work and motherhood given the long work hours (see the next section). The D&I team's work on encouraging women to take maternity leave has evolved over time. Initially, its focus was on encouraging women to stay with the company and use the leave available to them. Although this remains important, since 2014 there has been a more explicit focus on helping women return to work earlier because an absence of two years,

**Figure 2. Women on Maternity Leave at The Bank of Tokyo-Mitsubishi UFJ, Ltd.**





or four years for women who have two children, is a substantial gap in terms of their career development. An additional incentive for coming back earlier is that it can be easier to find a childcare place before the child is two years old; demand for childcare increases strongly once children are two. During the first phase, between 2006 to 2013, the average length of parental leave taken was more than one year in addition to maternity leave; since the second phase of the policy began in 2014, the average length of parental leave for those who returned by March 2017 has been less than one year.

### **Supports for pregnant women and new mothers**

The Bank has introduced policies to support new mothers before, during, and after maternity leave. Prior to beginning maternity leave, all women meet with their line managers, who encourage their return and help them address any concerns about being a working mother. All new line managers are trained to conduct these discussions (with role play and suggestions for how to address different concerns and questions) and can link women to resources and tips for working parents. The new mother and her supervisor have another dedicated meeting before she returns to smoothen the reentry.

#### **Parental Leave at the Bank**

**In 2015–2016, 1,525 women were on maternity/parental leave**

**In 2015–2016, 555 men (26% of new fathers) took parental leave**

**In 2015, over 90% of women who returned from maternity leave were still employed one year later**

**In 2016, 761 women returned from maternity leave**

**“One of the mothers I supervise was able to relocate to a branch 10 minutes’ walk from the childcare center when she returned from maternity leave, and because of this she was able to work until 7 p.m. and pick her kids up straight after work.”**

**Yuuko Nishio, Chief Manager, Retail Branch Management Division**

While on parental leave, all employees have access to the “wiwiw” online support program. The wiwiw program is designed to make it possible for new mothers to keep in touch with the workplace; provides access to online resources related to their return to work, such as information about childcare facilities and tips for working parents; and helps them keep their skills up to date or develop new ones, through English language courses or new technologies classes, for example. Just as important as providing resources for parents is wiwiw’s role in encouraging communication between line managers and employees, and to provide resources for managers on how best to manage and support employees on parental leave. The wiwiw program will send a monthly reminder to the line manager, such as “your employee’s child is now three months old [or 11 months old],” to emphasize the point that, even though she is on maternity leave, the employee is still a member of the supervisor’s team. It encourages supervisors to reach out to their employees on leave and to keep communication open.

Wiwiw is managed and administered by an outside company, and the Bank does not produce any of the webpages or content. Staff at the D&I Office came across a similar program run for a large cosmetic company and worked with the program designers to develop a customized product relevant to the Bank employees.

### Childcare supports

The Bank provides generous financial subsidies toward the costs of a place in a childcare center for its employees. Subsidies were introduced in 2007 and are available for employees' children from birth to the third year of elementary school (for aftercare). For women wanting to return to work before the child reaches age one, which is rare in Japan and also at the Bank, subsidy levels are higher in recognition of the higher costs of infant care. Supply of infant care is limited; using a nanny to provide in-home care is expensive and uncommon. Parents of infants under age one need to cover the first 100,000 Japanese yen (\$900), and are reimbursed for any remaining fees up to 200,000 Japanese yen (\$1,800) for up to six months. The Bank pays half of the costs of center or afterschool care, up to a capped maximum of 20,000 Japanese yen (\$180). Subsidies are available to female and male employees and take-up is high; in 2016, more than 4,000 female and 1,000 male employees received childcare subsidies. The benefits are open to all employees with children in the age range.

For many families, the biggest barrier to finding childcare is not cost but supply. Finding a space can take a lot of time and create frustration. One mother of a four-year-old and member of the D&I team explained that since she returned to

**"I took five days paternity leave at year-end when we were less busy. I often talk about my family at work, and everyone is supportive of me taking an active part in raising my children. I always try to do my work swiftly and use my time effectively so that I can respond to that unexpected call from daycare if I have to."**

**Father of two and married to a spouse who is also employed (MUFG Diversity Report, 2016)**

**"When we started the second phase, training for line managers on how to support their female employees during pregnancy and return to work was a compulsory program. Now we only need such training for new managers. It has become a standard part of our culture."**

**Nobue Kamba, General Manager,  
Diversity & Inclusion Office**

work at the end of her two-year maternity leave she has had to find a daycare no fewer than three times, once because she moved to Tokyo from another location, once because her daycare facility simply closed, and once to move from the less-than-ideal private nursery she chose on an emergency basis to a higher-quality center where she and her daughter were happy. To make it easier and less stressful to find childcare, in 2016 the Bank entered into a contract with an organization that will help its employees identify suitable childcare centers with vacancies. Employees can use this service free of cost. To supplement childcare resources, Bank employees can also use a babysitting service at a subsidized rate. The Bank pays for the membership of the babysitting network, and the employee pays the babysitter's hourly rate. Since both services were only introduced recently, no information is yet available on their impact.

To support returning mothers, the Bank also introduced a relocation option for new mothers to move to a branch closer to their home or childcare place. Yuuko Nishio, Chief Manager, Retail Branch Management Division, explained how

this option helps working mothers: “One of the mothers I supervise was able to relocate to a branch 10 minutes’ walk from the childcare center when she returned from maternity leave, and because of this she was able to work until 7 p.m. and pick her kids up straight after work.”

The Bank does not offer workplace crèches at any of its facilities because working mothers in the Bank are primarily employed in the retail branches, and while several mothers may work in each branch, typically there are not enough in any one branch to warrant a dedicated crèche facility.

### Childcare leave

Employees with children under age nine can take up to 10 days of paid leave per year (up to five days for employees with one child, and up to 10 for employees with more than one child) to deal with childcare-related emergencies or appointments, in addition to the annual paid time off all employees receive. Such leave can be used when a child is sick, for children’s

doctor visits and check-ups, or to attend important school events. The childcare leave is a well-used benefit, particularly for parents of children under age five. In 2015, almost 1,400 women used the benefit, primarily women with children under age five. Although women mainly use this benefit, in 2015 97 fathers, including 72 fathers of children under age five, used the benefit. Although employees can take up to 10 days of leave, the average is well below that, for both women and men (3.9 days used on average by mothers, and 2.8 days by fathers).

### Reduced working hours and flexible schedules

The Bank’s internal 2006 survey and external research show that long and rigid working hours are almost as important a reason for new mothers to delay returning to work as lack of childcare. To meet these concerns, the Bank offers an extensive set of options for making working hours more manageable. These options are available irrespective of gender, and several are open to all employees, whether they have children or not.

Under Japanese law, new parents, both mothers and fathers, have the right to work a reduced schedule (with prorated pay) of six hours per day until the child reaches age three (Nakazato and Nishimura, 2014). The Bank has extended this option until the youngest child reaches age nine. Parents can also choose different schedules, with earlier or later starting times, to fit in with their childcare arrangements. For example, many parents work from 9:10 a.m. until 4:40 p.m. The reduced hours option is popular and take-up has grown in line with the number of women taking maternity leave, from fewer than 100 workers in 2007 to more than 1,000 in 2016, two of whom are fathers. New parents are also exempted from working overtime. Workers can choose from a range of start and finish times to find a pattern that works for them.

Having many employees working reduced hours is not necessarily easy. Daycare and school do not cover evening hours when branches are still open, or when workers at the headquarters may need to be available for meetings with colleagues or clients in other time zones. Yet, having a manager work reduced hours can provide opportunities for

**“Sometimes it can be difficult to keep a balance between what I’m doing in the home and in the workplace. The flex option scheme gives many choices to working mothers. Depending on their situation, they can pick up whatever is appropriate to their needs. I recently used flexible working option when my husband couldn’t send the kids off like he usually does, and instead of coming in early, I just switched to the later start time of 9:10 a.m.”**

**Member of D&I team, mother**

**“One of the team leaders I supervise has three kids, and is using the shorter working hours option, she leaves at 4:40 p.m. The extra work that someone in her position would usually do is covered by her younger colleagues. While this may look difficult it has two benefits: the younger workers learn about the kind of work she does; and they have her as a role model, showing that it is possible to be a manager as a woman and mother.”**

**Reiko Sugou, Deputy General Manager,  
Global Service Center**

more junior staff to step in and learn, in addition to sending the important message that it is possible to be a working mother and a manager at the Bank. Reiko Sugou, Deputy General Manager, Global Service Center, explained, “One of the team leaders I supervise has three kids, and is using the shorter working hours option to leave at 4:40 p.m. The extra work that someone in her position would usually do is covered by her younger colleagues. While this may look difficult, it has two benefits: the younger workers learn to do the work she does; and they have her as a role model, showing that it is possible to be a manager as a woman and mother.”

The reduced and flexible working hours system at the Bank has led to a search for more effective working. Yuuko Nishio, Chief Manager, Retail Branch Management Division, described how in response to an increased number of women with reduced schedules and overtime exemptions in the branch she managed, she and her staff conducted a systematic review of the type of work that was usually done, prioritizing between

routine and nonroutine work, and differentiating between tasks that could be done by associates or by junior professional employees as part of their career development, and tasks that required a more senior staff member. In the process, it was possible to eliminate some tasks, to cover the required work, and to substantially raise productivity per hour. She added, “To make the flexible working hours system work, it is important to be aware of potential backlash from workers who do not have kids. I make clear that everyone should have some time off, that younger or childless workers should not feel obligated to forgo their leave because they feel the work will not get done.” Although the Bank initially focused on encouraging women to use the reduced working time option, as it has become more common for mothers to return to work, the focus has shifted to encouraging mothers to return to work full time and not wait until their children are three years old.

### **Promoting more effective working time with “My Style” cards**

Although mothers are encouraged to work more hours, and full time if they can, everyone is encouraged to work fewer hours overall to find a more reasonable, productive, and healthy middle ground. The goal of the D&I Office is to ensure that shorter working hours become more common for all workers. As long as only women with children use the flexible and reduced hours options, it is unlikely that they will have an equal opportunity to progress. As a member of the D&I team explained, “Some managers think ‘Oh this woman is using shorter working hours so I won’t give her many tasks,’ but that will discourage her and make her less willing to perform. Change is a joint responsibility: managers should treat all workers the same, and should focus on their ability irrespective of how many hours they work. And at the same time, employees shouldn’t simply take advantage of these options, and should focus on contributing to the Bank.” Younger women may observe that those who use the flexible options are not taken as seriously or are perceived as less career motivated; this might discourage them from stepping into leadership positions.

As a fun way to change the working time culture, the Bank has developed a system of simple cards that workers can

display on their desks, indicating when they intend to leave the office that day (see Figure 3). For workers who need to leave early, the card eliminates surprises from colleagues who know they should approach them before they leave. For workers who stay late, especially if they do so frequently, it is a message to their manager to discuss why such long hours are necessary, and to work with the employee to find a way to distribute work in a more manageable way. Apart from communicating their working hours to colleagues, employees can use the cards to communicate about working hours and work organization with their managers. Under the *Iku* management style,<sup>3</sup> line managers are encouraged to sit down with their employees and develop a five-point statement on how to improve job satisfaction and create a productive work environment. The *Iku* system was started in 2016 and resulted in over 500 *Iku* declarations from managers in just two months.

**“It still causes surprise when a male worker with kids needs to take leave because his kids are sick. The reaction is ‘Oh, really?’ It is important to change the culture so that everyone who has kids—regardless of whether they are men or women—can be a good parent and benefit from the childcare policies.”**

**Male employee, father, and member of a Diversity & Inclusion Team**

### Fathers at the Bank

Encouraging fathers to use the Bank’s parental policies is an important part of the Bank’s diversity strategy. The D&I Office is keenly aware that both male and female employees have children, and that it will be difficult to create a workplace where employees with children can succeed as much as others if only female employees with children use the childcare benefits. Although men at the Bank are as likely as women to be parents of preschool children, and are the majority of those who use childcare subsidies, it is much less common for them to take parental leave. Altogether in 2015, 235 men used parental leave, compared with 1,995 women. As a male member of the Tokyo D&I team explained, “It still causes surprise when a male worker with kids needs to take leave because his kids are sick. The reaction is ‘Oh, really?’” He continued, “It is important to change the culture so that everyone

who has kids—regardless of whether they are men or women—can be a good parent and benefit from the childcare policies and the family-friendly culture.”

**Figure 3. Two “My Style” cards, one for an employee intending to stay late, and one announcing that he will leave earlier**



PHOTOS: COURTESY OF THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.

In 2016, the Bank published “HUG-kumu,” a booklet on ECD highlighting the positive role fathers play in their children’s development.<sup>4</sup> The booklet illustrates that how much fathers do at home impacts how much mothers can do at work. It includes a daily schedule (see Figure 4) with crunch times in terms of childcare tasks to encourage fathers to share childcare-related tasks and more equally divide their time between work and home. To strengthen its message to men, the D&I Office disseminates internal communication materials with male employee role models who are active fathers and use the benefits.



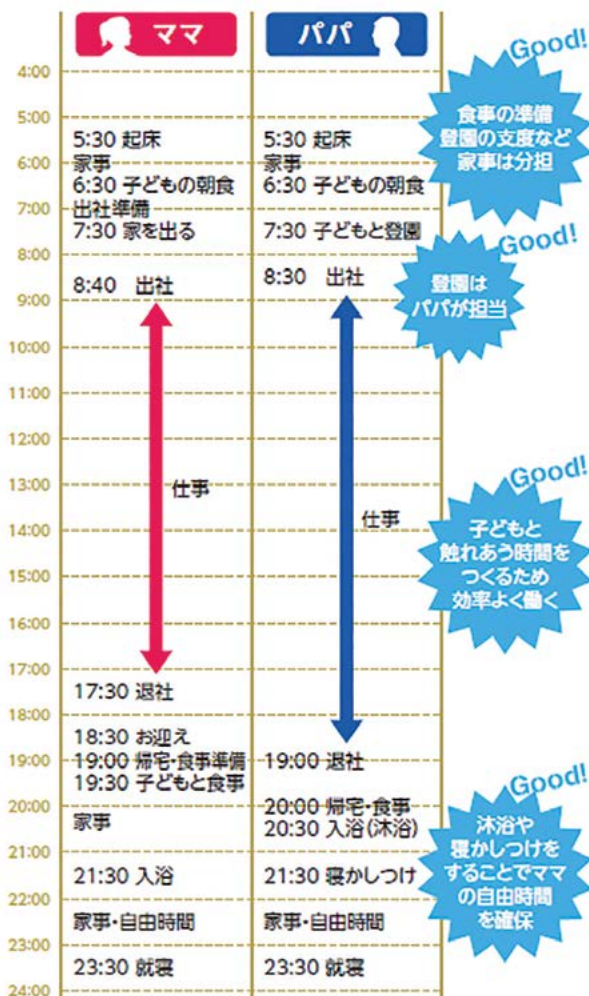
### Cultural change and diversity

The Bank is dedicated to changing cultural attitudes toward work and family within the Bank. Activities include encouraging *Kagaya Kids' Day*, or "bring your children to work" days; the dissemination of stories of women and men who successfully combine parenthood with a career; mentoring opportunities; and a training program for managers to better support employees with kids.

Diversity management at the Bank is integral to developing good managers, and all managers receive diversity training,

which focuses on valuing and supporting workers of different genders, ages, and family arrangements, and also draws attention to any unconscious bias that influences how managers support and evaluate women employees, irrespective of whether they have children. As General Manager of the Human Resources Division, Hiroshi Takekawa explained, "Our goal is to create an environment where women can succeed without thinking 'This is because I am a woman,' an environment where they no longer feel that their gender matters and they can continue to work just as their male colleagues."

**Figure 4. Daily schedule provided in the "HUG-kumu" booklet to encourage fathers to share childcare-related tasks**



### BUSINESS IMPACT OF THE BANK'S SUPPORTS FOR WORKING PARENTS

The Bank's policies for supporting working parents are informed by a clear business rationale. Childcare subsidies and other policies to support working mothers were initiated to address the negative impact on consumer service of the loss of experienced women workers. By providing these supports, the Bank has dramatically improved retention and positively impacted recruitment, and has addressed the factors that negatively affected customer development. These policies have some costs, but once the costs of training a new worker are accounted for, they are more than fully recouped. That said, CEO and President of Mitsubishi UFJ Financial Group Nobuyuki Hirano explained: "This is not a project where we

**"Our goal is to create an environment where women can succeed without thinking 'This is because I am a woman,' where they no longer feel that their gender matters and they can continue to work just as their male colleagues."**

**Hiroshi Takekawa, General Manager of the Human Resources Division**

view return on investment as a high priority; this presents a long-term investment for us to achieve the diversity that will help the Bank succeed in years to come.”

Implementing the new policies involved some costs for the Bank. The costs of salaries during the statutory maternity and parental leave (of 12 months) are mainly covered by social insurance. The Bank pays for childcare subsidies, membership in the babysitting service, the wiwiw portal to support new mothers and their managers, and for the childcare leave paid time off.

### BUSINESS BENEFITS OF SUPPORTING EMPLOYEES WITH CHILDREN

#### Retention

The clearest impact of the Bank’s childcare and maternity support policies have been improvements in the retention of women. By pursuing its targeted maternity leave and childcare support policies, the Bank has more than halved its turnover rate for women, from 6 percent in 2007 to 2.4 percent in 2016. Even though the rate for women is still higher than that for men, this represents remarkable gains.

Compared to the costs of recruiting and training a new employee, the direct expenditures related to childcare and parenting are modest. In their first year of employment, professional workers at the Bank are mainly typically trained and are not yet expected to be productive. It takes two to three years of work experience to make a full contribution in lower-level jobs. After eight or nine years, employees are ready to step up to their first level of leadership. When an employee leaves because she becomes a mother (typically after about eight or nine years on the job), her replacement has to be made internally, through a more junior employee, because the labor market for experienced professional workers is limited in Japan and rarely used by the Bank. Sugou estimates that it takes at least 12 to 18 months for a worker to become fully productive in his or her department. She conservatively estimates the wage-related replacement costs for one employee at about 5 million Japanese yen (\$45,000); these costs do not take into account the time taken by colleagues and managers to train



KAGAYA KIDS' DAY IN 2016 WAS HOSTED BY THE BANK'S 125 OFFICES AND INCLUDED 1,400 EMPLOYEES AND CHILDREN.

new employees, or lost productivity or customers because the employee has left. Using this estimate as a baseline, the growth in the number of women who have stayed at the Bank instead of leaving when they became mothers by more than 1,000 translates into notional financial returns of 5,000 million Japanese yen (or \$45 million).

#### Recruitment

The Bank operates in a highly competitive labor market. Most recruitment efforts focus on recent college graduates, and the Bank annually hires approximately 1,000 young graduates for its career and other professional positions. The Bank’s innovative childcare and maternity leave policies are an important factor in attracting smart and ambitious young women and signaling to them that the company is willing to invest in them, whether they choose to have a family or not. A member of the D&I team who was recruited when the D&I Office began its work, and now herself speaks on recruitment panels, recalls, “I attended one of the Bank’s recruitment panels when I was a student. Hearing about the different options available to employees with children made me feel confident that I would be able to continue to work once I got married and had children. When I recently represented the Bank on a recruitment panel, I got many questions from female students such as ‘Are you really able to get that maternity leave?’ and, ‘Is it possible to come back to the Bank after the leave?’ It is important that I was able to say ‘Yes’.”

PHOTO: COURTESY OF THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.

## Productivity

The success of the childcare and maternity leave policy and the promotion of reduced and flexible working schedules is encouraging a more effective organization of work, helping staff organize their work to achieve as much if not more in less time.

## Customer service

The Bank's focus on diversity and the retention of mothers began in response to concerns by the Bank's Board about the negative impact of the loss of female staff on the quality of service and market development in its retail branches. The maternity and childcare policies have helped the Bank address this problem. Encouraging and enabling women to return to work after maternity leave helps maintain experience and customer relations in the branches.

## Diversity

Diversity is critically important to the Bank's business strategy and long-term vision. CEO and President of Mitsubishi UFJ Financial Group Nobuyuki Hirano emphasized, "When it comes to nurturing human resources, diversity will be key to securing competence."<sup>5</sup> The Bank's focus on reducing the attrition

**"When I recently represented the Bank on a recruitment panel, I got many questions from female students such as, 'Are you really able to get that maternity leave?' and, 'Is it possible to come back to the Bank after the leave?' It is important that I was able to answer 'Yes.'"**

**Female member of D&I team**

of new mothers and improving gender equality has led to a substantial improvement in women's share of leadership positions. In 2006, when diversity efforts began, women were only 5 percent of middle and senior managers; by 2010, their share had doubled to 10 percent, and by August 2016, it had increased even further, to 19 percent (MUFG, 2016). Addressing the loss of female talent because of childbirth has provided the impetus to focus more broadly on gender equality, open communication, and effective management in the Bank.

## Corporate reputation

The Bank has received several awards for its focus on gender equality and support for working mothers, including recognition by the Japanese Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as an exceptional enterprise in encouraging women's success in the workplace. Such positive publicity makes the Bank more attractive to potential recruits and supports its image with customers and clients.

## LESSONS LEARNED

The Bank's policies for supporting parents at work have evolved over time. During the first phase, from 2006 onward, the Bank focused primarily on encouraging more women to take maternity leave and continue in employment. Policies were designed in response to feedback from female employees. Providing supports such as childcare subsidies, extended maternity leave, reduced hours option, and childcare leave, was as important as changing the perception of women and managers through communication and management training that it was possible for working mothers to be successful employees. The dramatic increase in the number of women taking and returning from maternity leave showed the success of the Bank's efforts.

Yet the policy's success has created its own problems. The dramatic increase in the number of women taking maternity leave and working reduced hours created the potential of human resource shortages in departments with a high number of women, and of creating a backlash against mothers, with other employees feeling that they had to make up for the

work left undone due to their absences. Part of the response has been a much more concerted effort to encourage men to use parental leave and other childcare options. At the same time, there also has been a focus on organizing working hours more productively and tackling the long hours culture for all workers, not just parents. As Nishio explained, “Some people see it as a burden to have working mothers as coworkers. I want to change that mindset and see it as a benefit that can raise the productivity of everyone. If someone can finish up the work that used to take until 5 p.m. by 4 p.m., that extra time means they can do something besides work. Everyone is doing something besides work: raising kids, taking care of parents, or

doing hobbies; everyone is balancing with something besides work. So everyone, if the productivity got improved, can use those extra hours to do something else besides work.”

Although the formal leave and reduced hours entitlements remain unchanged, the Bank at the same time is encouraging and supporting women to return to work, or change from part-time to full-time work earlier than the formal policy entitlement. Long periods of leave and reduced working hours may limit women’s advancement opportunities, and might make it less likely that the Bank will achieve its goal of gender equality in management.

The Bank has made dramatic progress in making parenthood more acceptable at work and reducing the loss of female talent, yet the lack of childcare remains a substantial barrier. The Bank’s financial subsidies help make childcare more affordable but they do not significantly expand the availability of childcare. Although the Bank is working to address these challenges, these factors are unlikely to change quickly.

**“Some people see it as a burden to have working mothers as coworkers. I want to change that mindset and see it as a benefit that can raise the productivity of everyone. If someone can finish up the work that used to take until 5 p.m. by 4 p.m., that extra time means they can do something besides work. Everyone is doing something besides work: raising kids, taking care of parents, or doing hobbies; everyone is balancing with something besides work. So everyone, if the productivity got improved, can use those extra hours to do something else besides work.”**

**Yuuko Nishio, Chief Manager, Retail Branch Management Division**

## CONCLUSION

In just a decade, the Bank’s investment in supports for working parents have made a dramatic difference by raising the number of working mothers in the Bank and creating a more inclusive culture for its employees. The Bank’s Diversity & Inclusion policy has been successful in improving the retention of women and increasing women’s share in management. A number of challenges remain, including the limited supply of childcare, men’s low uptake of parental leave, and the culture of long working hours. The Bank’s responsive D&I approach is evolving to tackle each of these challenges.

## Endnotes

- 1 Interviews for this case study were conducted in person in Tokyo in January 2017 with a cross-section of the Bank management and staff, including the President and Group CEO of MUFG and the Bank, the Director for Planning, the Director for Human Resources, HR staff responsible for diversity management, and three departmental managers from different parts of the Bank. A discussion was also held with members of the Diversity and Inclusion (D&I) Team (Tokyo).
- 2 The parental leave is paid at two-thirds of earnings for the first 180 days taken by each parent, and at half pay thereafter, financed by the Employment Insurance System (Nakazato and Nishimura, 2014).
- 3 *Iku* is the Japanese word for raise or foster.
- 4 HUG-kumu is an Anglicized version of the Japanese word *hagukumu*, which means to nurture a child.
- 5 Message from the CEO; Appendix to MUFG Diversity Report 2016 (MUFG, 2016).

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## Turkey



**Economy name:**  
Turkey

**Main business city:**  
Istanbul\*

**Region:**  
Europe & Central Asia

**Income level:**  
Upper Middle income

**Population:**  
75,837,020

**Female population:**  
38,599,168

**Labor force participation (15+):**  
32.5% female  
71% male

**Compulsory primary education enrollment age:**  
6 years



### Leave policies

Paid maternity leave	Yes	112 days
Paid paternity leave	Yes	5
Paid parental leave	No	0



### Legal obligation for employers to support childcare

	0-2 years	3-5 years
Obligation for employers to support childcare?	Yes	Yes, up to 5.5 years
Based on the number of female employees?	150+ (childcare centers)	150+ (childcare centers)
Based on the number of employees regardless of gender?	No	No
Special legislation on employer-provided childcare?	Yes	Yes



### Government incentives to employers to support childcare

Tax benefits to employers to support childcare?	No	No
Non-tax benefits to employers to support childcare? (monetary and/or nonmonetary benefits)	No	No



### Quality of private childcare services

License or registration required?	Yes	Yes
Zoning requirements?	No	No
Pupil-teacher ratio required?	No	No
Pentalties for noncompliance with laws?	No	Yes

*Note: Laws applicable to private preschools providing services for children ages 3–5 include provisions on zoning standards.*

\*The *Women, Business and the Law* data are based on domestic laws and regulations that apply to the main business city of the economy. For more information on the methodology including the maternity/paternity/parental leave calculation methodology, visit [wbl.worldbank.org](http://wbl.worldbank.org)

# Martur

## Automotive Component Manufacturing, **TURKEY**

### PARENTS, WORK, AND CHILDCARE IN TURKEY

Turkey's economy has grown considerably over the past 15 years, resulting in increased employment and income levels and important progress on core human development indicators. Educational outcomes for women, in particular, have improved, leading more women to join the labor force (Munoz Boudet and Wiseman, 2015). However, there is scope for further progress. Women's labor force participation in Turkey remains less than half that of men, at 32.5 percent in 2016 (Turkstat, 2016), and Turkey ranked 129 out of 144 countries covered in the economic participation and opportunity index of the World Economic Forum's 2016 Gender Gap Report (WEF, 2016). Reducing these gaps could lead to potentially powerful economic gains: global consulting firm McKinsey estimates that Turkey's Gross Domestic Product (GDP) would increase by around 20 percent by 2025 if women's labor force participation rate could be boosted to the Organization for Economic Co-operation and Development (OECD) average of 63 percent (McKinsey and TÜSIAD, 2016).

Although there are several reasons for the persistent gender gaps in workforce participation in Turkey, women's role as the main caregivers for children is a key factor. Recent time-use data indicates that women in Turkey, on average, spend about 4.5 hours per day on household activities and family care, compared to around 50 minutes for men.<sup>1</sup> This has an impact on women's ability to work outside the home. A World Bank survey found that 71 percent of women who quit paid employment did so because of childcare responsibilities (World Bank, 2015). At the same time, recent poll data suggests that the preferred option for 87 percent of women (and more than 60 percent of men) in Turkey is for women to have a paid job or to combine paid work and family responsibilities (Gallup and ILO, 2017).

In this context, access to childcare can be instrumental in helping mothers to effectively combine work and family responsibilities. Childcare services in Turkey are provided mainly by the public sector (83.8 percent of all providers), with the majority of childcare and preschool capacity accounted for by preschool classrooms in primary schools (54.7 percent) (World Bank, 2015). Although there are gaps in coverage and availability of center-based childcare in Turkey,

Martur's **Employee Profile** 2016:

- 57% of Martur's Kütahya plant's 918 employees are women
- 22% (114) of female employees have children younger than age six
- 36% (143) of male employees have children younger than age six

Martur supports **parents with children** through:

- Reserved slots (free) in local childcare centers for female employees
- 25% discount in private childcare centers/schools
- Free summer vacation camps
- Free sport schools
- Free supervised transport for children to/from childcare centers
- A safe space for mothers to extract and store breast milk

Key **business impact** of providing childcare support

- Recruitment and retention of women employees in region with low maternal employment and strong culture of mothers not working outside the home
- Productivity improvements due to reduced staff turnover and absenteeism



PHOTO: COURTESY OF MARTUR

CHILDREN AT ONE OF MARTUR KÜTAHYA'S PARTNER CHILDCARE CENTERS.

especially in rural areas, affordability appears to be the main constraint on access to childcare. According to research by the World Bank (2015), formal childcare is too expensive for the average household in Turkey. Median monthly fees for full-day care range from 300 Turkish lira (\$84) for public providers to 700 Turkish lira (\$197) for private facilities—more than most families are willing to pay (World Bank, 2015).

Against this backdrop, improved access to affordable childcare is a critical lever for reaching national objectives on women's labor force participation, as formulated in the Turkish government's first-ever National Action Plan on Women's Employment 2016–2018 (MoLSS and İŞKUR, 2016) and its Tenth National Development Plan 2014–2018 (MoD, 2014). Encouraging more private sector organizations to offer childcare services responds to these policy objectives (AFD and Development Analytics, 2015). Private preschools accredited by the Ministry of National Education are eligible for income tax exemptions for a period of five years, and, in 2014, kindergartens and daycare centers were added to the government's list of priority areas for private investment, making them eligible for a range of additional tax reductions (AFD and Development Analytics, 2015; Investment Support and Promotion Agency, 2017). Moreover, national law requires

all workplaces with more than 150 female employees (irrespective of age or marital status) to provide childcare services.<sup>2</sup> However, enforcement of this provision is not always effective and some employers may prefer to pay the monthly noncompliance fine of about 1,200 Turkish lira (\$336) (AFD and Development Analytics, 2015), especially given that operating costs for private crèches are estimated at 21,200 Turkish lira per month (\$5,935) (World Bank, 2015).

This case study examines the impact of childcare and other supports for working parents offered by the Kütahya plant of Martur, a Turkish automotive component manufacturer. Martur offers free childcare in local childcare centers to its female employees, as well as summer and sports camps and other family-centered activities for all its employees. Offering childcare benefits has dramatically improved Martur's recruitment of women in its factory. It has also been a major factor in raising productivity by improving one of Martur's key performance indicators: staff turnover rates.<sup>3</sup>

## COMPANY BACKGROUND

Martur Fompak International ("MFI" hereafter) is a leading group of companies supplying high-quality components to the automotive industry for more than 30 years. It has 5,700 employees in 20 production plants, research and development, E&D, design, project, and customer management centers located in Turkey and Europe. MFI produces automotive seating systems, interiors, plastics, trim parts, metal forming, steel service, automotive textile, and vehicle conversion. Production centers in Turkey are in Bursa, Gölcük, and Kütahya. Production centers are also located in Algeria, Romania, and Russia. In addition, the company has textile design offices in Cologne and London, and engineering offices in Bucharest, Paris, and Turin. MFI headquarters for Turkish operations is in Istanbul; for other locations, headquarters is in Paris.

**Women at the Martur Kütahya Plant****20%** 3 of 15 senior management positions**16%** 5 of 31 middle management**71%** 15 of 21 shift leaders**86%** 12 of 14 administrative staff**58%** 487 of 837 operational staff**BUSINESS CONTEXT FOR SUPPORTING CHILDCARE**

Martur's Kütahya plant has 918 employees, the majority (57 percent) of whom are women. Martur operates a just-in-time environment, where quality and timeliness are of utmost importance. The plant aims to become a global center of excellence in car seat production, provide internal consulting for other Martur plants, and support Martur's overall strategy of expanding into the high-end automotive market. Having a stable workforce with low turnover and absenteeism is a prerequisite for meeting these goals. Childcare supports play a crucial role in creating the preconditions for Martur to succeed.

Employment at the plant has grown rapidly from the time it was newly built in 2007, "With 27 sewing machines and employing just 18 women and 15 men to 522 women and 396 men and 237 sewing machines at the end of 2016," according

to Salim Dogan, Director for Textile Operations and Manager of the Kütahya site. Kütahya is a provincial town with close to a quarter of a million inhabitants. Martur moved to Kütahya as part of its expansion strategy, taking advantage of the greater availability of labor than in Bursa (its main location and the center of the automotive industry in Turkey), and in response to local economic development incentives. Unlike the city of Bursa, which has a substantial female industrial workforce, few women in Kütahya had worked in an industrial setting before, and many had no experience in paid work outside of the home or family.

Most women who joined Martur had not yet started a family. According to Zeyit Damar, Human Resource Manager at the Kütahya plant, the average age of workers at the plant is 31 years, much younger than the regional average of 41 years. Historically, few married women in the region, particularly mothers, were in the labor market. Providing childcare has enabled and encouraged women to stay with the company for the long term, while communicating to the broader community that Martur is a good employer for women. Dogan explained, "We want to hire women, but to do so we need to provide for balance between work and family because in Turkey women are expected to do a lot of house and family work."

**"Our goal is to have no all-male (or all-female) sections: quality and productivity seem to be higher when there is at least some gender mix. This is why [in Bursa] we have made efforts to recruit women in sections such as welding where it is not common for women to work."**

**Hülya Alper Polatcan, Human Resources Director, Martur Fompak Turkey**

Women make up the majority of the workforce in the plant's sewing section. Yet, all sections of the plant employ both men and women. For example, 25 men work in the sewing section, and 30 women are employed in the fabric dying, spinning, and weaving sections, which can involve heavy lifting and predominantly employ men. Hülya Alper Polatcan, Martur Fompak Turkey HR Director, explained that the company deliberately maintains gender diversity in all sections. In the company's experience, sections with at least some diversity are more productive than all-male sections.

## HOW MARTUR SUPPORTS WORKING PARENTS WITH CHILDCARE NEEDS

### Developing the childcare market space

Martur Kütahya supports its employees and their families through benefits such as free childcare, summer camps, and children's sports club activities. "Family is the most important value for our employees. People work here to provide a better future for their children. This is why family figures highly in our benefits, and indeed, our human resource management policies more generally," explained Damar. In addition to the childcare-specific supports, the company also offers monthly food packages, statutory paid maternity and additional job-protected unpaid leave, statutory paid paternity leave, reduced overtime and shift working, a psychologist, and a dietician.

The first step in Martur's Kütahya's childcare strategy was to develop the supply of childcare. "It was not easy to find childcare facilities. When we started there were no other employers who provided childcare supports for their employees. The number of childcare centers was limited, and they typically did not have enough space to meet our

demand," recalled Damar, Human Resource Manager at the Kütahya plant and the person responsible for the strategy. Kütahya had some private or nonprofit childcare centers, but they either were not able to expand to provide care for the number of children Martur was looking for, were not of the quality that Martur was seeking, or both. Progressing from making the decision to offer childcare to being able to do so took approximately one year. During that period, the HR managers at Martur visited existing childcare centers, reviewed quality, and assessed capacity for expansion. In 2014, Martur started providing childcare services; Martur children accounted for slightly more than half of the children in that center. By the first half of 2015 Martur had contracts with two early childhood centers to provide childcare for its female employees' children. A contract with a third provider began in the second half of 2017, and the company is planning to eventually expand to four providers.

The first preschool center, which caters to children ages three to six, significantly expanded to accommodate demand from Martur. The second center that Martur works with, a center catering to children up to age six, tripled its staff from five in 2014 to 15 in 2015, at least partly in response to demand from Martur. Its co-owner, Emine Yaglioglu, a journalist and mother of a 13-year-old daughter and two-year-old son, founded the childcare center in part because she had been unable to find early childhood education for her daughter, which made



HÜLYA ALPER POLATCAN, HUMAN RESOURCES DIRECTOR, MARTUR FOMPAK TURKEY, WITH CHILDREN AND A STAFF MEMBER AT ONE OF THE CRECHES USED BY MARTUR IN KÜTAHYA.

PHOTO: COURTESY OF MARTUR



**“I went to the childcare centers saying: I am responsible for the well-being of 44 kids. What can you do for us? I came with considerable negotiating power.”**

**Zeyit Damar, Human Resource Manager,  
Martur Kütahya plant**

her life as a working woman difficult, while at the same time depriving her daughter of developmental opportunities. Apart from an increased corporate demand for childcare, she also observed that more young professional families are moving to Kütahya, unable to rely on their extended families for childcare supports.

Martur reserves a set number of slots in each center, targeted at about 20 percent of its actual projected demand, to allow for contingencies and growth. Under Martur’s contract, the company will pay the monthly fees for any child that has used the crèche for at least one day that month. However, if parents decide to move a child after a couple of months, no fees are due for the remainder of the year. Initially, Martur organized and paid for transport to and from the childcare centers; this service is now part of the contract with the childcare centers. (Martur helped the centers find providers that met the regulations for transporting children.)

An important component of Martur’s childcare strategy is expanding the demand for childcare in the town for working parents, and thus improving the stability of demand for its childcare suppliers. Martur is a well-respected member of Kütahya’s business community, and freely shares its experiences, including the benefits it has reaped from its childcare strategy. Three additional employers are now

providing childcare supports for some of their workers, and Martur hopes that the number of companies will continue to grow.

Quality, including healthy and safe work processes, is a hallmark of Martur’s operations. When Damar put forward the childcare concept for approval from corporate headquarters, the only condition was to ensure that the childcare facilities met all relevant quality indicators. Martur’s quality assurance staff conducts annual health and safety audits of each center to ensure that the physical environment meets all requirements for children. It relies on the Department of Education’s oversight process to ensure that centers meet all standards in relation to the curriculum, child-teacher ratios, and other educational practices.

### **Free childcare in selected local childcare centers**

Female employees at the plant are entitled to free full-day childcare for children up to age six, which is provided by two (and soon three) private childcare centers in the town of Kütahya. The centers are at different locations to facilitate



CHILDREN DURING PAINTING LESSON AT ONE OF THE CRECHES USED BY MARTUR IN KÜTAHYA.

PHOTO: COURTESY OF MARTUR

**“We became the employer of choice—the only one to offer childcare. Employees went to their employers saying: If they can do it, why can’t you do so, too? Now other employers are following us.”**

**Zeyit Damar, Human Resource Manager,  
Martur Kütahya plant**

getting children to and from the center. The Martur plant is in an industrial zone outside of town; the zone does not have any suitable space for a childcare center.

Martur realized the need for childcare through employee exit interviews. Günes Cetin, Plant Manager for Cutting and Sewing, recalled, “During exit interviews we often heard about difficulties with childcare—how hard it was to find a babysitter, how their mother or father were not well, and not really able to look after the children, how it was too expensive to pay for childcare. The women said, ‘I want to work here, I need the money, but I cannot find a babysitter.’”

The childcare benefit has a high value. Cetin explained that a woman with two children in the childcare centers effectively more than doubles her salary. A female manager and mother of two children recalled, “Childcare is the main problem in the life of working mothers. When I was younger, before I worked at Martur, my employer did not offer childcare. I had to leave my children with their grandmother, I rarely saw them. I left that employer because of that.” Another woman, an operator working in quality control, added, “Not everyone here has

parents or in-laws who can help. And not everyone is married. Some of us are divorced. We need to work, and we really need the childcare.” Another female operator described the benefits of the childcare for herself and her child: “Once we had childcare, everything became more orderly. And the childcare center teaches my child things, like English, that we are unable to provide.” Her colleague added, “The children see us as role models because we work here. And my daughter has learned new words in the childcare center. She develops much more than she would if she just stayed with her grandmother.”

Martur negotiated with the childcare centers to be open from 7 a.m. until 6 p.m., Monday through Saturday (all workdays). Martur operates two shifts for operators, from 8 a.m. to 4 p.m. and from 4 p.m. to midnight, six days a week, and 8:30 a.m. to 6:15 p.m. for administrative workers, five days a week (the statutory work week in Turkey is 45 hours). Initially, Martur also offered evening childcare, but it quickly became clear that there was no demand during those times. Typically, parents are able to provide care for their children during those periods, such as through grandparents, spouses, or older siblings, and prefer that children are home at bedtime. There also has been no demand for afterschool care for older children. Damar explained, “Our employees are very vocal when it comes to what they need. If aftercare was an issue, we would have heard about it.” One female sewing machine operator explained, “I work the second shift. During the evening, my husband takes care of the children. If my husband did not support me, I would not be able to work.”

**“During exit interviews [...] women said, ‘I want to work here, we need the money, but I cannot find a babysitter.’”**

**Günes Cetin, Plant Manager, Cutting and  
Sewing, Martur Kütahya plant**

**“The children see us as role models because we work here. My daughter has learned new words in the childcare center, she has developed much more than she would have if she only stayed with her grandmother.”**

**Female sewing machine operator, mother and user of childcare benefit, with child in crèche, at the Martur Kütahya plant**

### Transportation

As is common in the sector, women working in factories are provided free transport to and from work. Martur also provides free transport for workers' children to and from the childcare centers. Children are picked up in the morning before workers in the morning shift are collected so parents can see their children off to the crèche; and they are transported back at the end of the day. As a company with quality at the heart of its business concept, it is very important for Martur to provide child-appropriate transportation. Buses are fitted with child-safe car seats and include the services of an “older sister”—a woman hired to travel with the children on the minibus to ensure that they get out of the bus and back home safely.

### Summer camps and sports activities

All employees can send their seven- to 12-year-old children to free summer camps when schools are closed, and to sports camps during the school year. Martur covers all costs, including sportswear and shuttle services to and from the location of the activities. In 2017, the children of 30 female and 25 male employees used the summer camps. Typically, the Kütahya plant is closed for two to three weeks each summer for annual maintenance, during which time all employees are on paid leave. This allows parents to provide care for their children in the summer when schools are closed.

### Discounted early childhood education

Martur offers free childcare only to its female employees at the Kütahya plant, and limits it to selected childcare centers. Both male and female Martur employees in Turkey, however, can receive a 25–30 percent discount in private preschools.

### Parental and other leave

Martur provides maternity leave in line with Turkish legislation: eight weeks of fully paid leave before the expected delivery date and eight weeks post birth (paid by Turkish Social Security). Following that period, women may take an additional six months of unpaid job-protected leave. Fathers are entitled to five days of paid leave, adoptive parents (of children under three years) to three days of paid leave, and parents of a disabled or chronically ill child to 10 days of

**“Not everyone here has parents or in-laws who can help. And not everyone is married. Some of us are divorced. We need to work, and we really need the childcare.”**

**Female sewing machine operator, mother, Martur Kütahya plant**

paid leave. Following leave, biological mothers (or adoptive parents) are entitled to work half time for 60 days for a first child, rising to 120 days for a third child, and receive the other 50 percent of their full-time earnings through public benefits (Zelkin, 2016). Women who are pregnant can only work the day shift, and they are limited to 7.5 working hours.

In 2015 and 2016, 44 women went on maternity leave; 84 percent of them returned to work following leave and were still employed a year later. In Turkey overall, fewer than a third of women with children younger than 14 are in the workforce (OECD Family Database, 2016).

In line with Turkish law, employees at Martur also receive paid time off when they are sick. This is paid through Turkish Social Security. Paid sick days are not available for a child's illness. However, when a parent must take time off because a child is sick, the company makes all efforts to accommodate the parent, for example by trying to find someone from a different shift to swap.

### Breastfeeding leaves and lactation stations

According to the 2013 Labour Act, Article 74, mothers of children younger than one year old may take 1.5 hours' break time per day to breastfeed their child, at any time of their choosing. Nursing mothers can use a private, secluded room equipped with a comfortable armchair, air conditioning, window blinds, and a refrigerator for milk storage for breastfeeding and lactation. At Martur, female operators typically combine their daily lactation leave to reduce the number of working days from six to five; mothers working in the administrative section tend to work a reduced day instead. Whichever option is chosen, Martur provides free transport home if a woman needs it for breastfeeding.

### Adjusting shift patterns and limiting overtime requirements

At Martur's Bursa plant and other operations, the company runs a continuous shift system, with three shifts per day. The Kütahya plant, however, only runs two shifts because they experienced high turnover rates and difficulty recruiting for the night shift. The Kütahya plant additionally limits mandatory overtime to 5 percent of working hours (under Turkish law, employers can mandate up to 15 percent overtime, or 270 hours per year). According to Damar, even though paid at an enhanced rate, the overtime requirement was unpopular with

#### Parental Leave at Martur Kütahya from 2015 to 2016

44

**women took maternity leave**

37

**mothers (84%) returned from maternity leave and were still employed a year later**

66

**men took paternity leave**

female employees, and led to increased turnover; hence the company reduced the overtime requirement to 5 percent.

### Other services

In addition to the child-related benefits and monthly food packages, Martur offers several other benefits in line with its belief in the importance of developing the next generation. For example, Martur has set up a reading corner in the canteen, illustrated by artwork produced by the children of Martur employees, where parents can find books and references about childrearing.

Employees can also use the services of a psychologist, to discuss personal or family issues, and a nutritionist. Psychological services began in 2016, and so far, 180 workers have used them. Such services are completely private to the individual, but the psychologist may alert management to generic problems that arise.

### Training and development

Martur believes that training and developing its employees is essential for helping them see the bigger picture of their customers' demands and expectations and help Martur realize its broader growth strategy. MFI developed a training academy in Bursa to develop the leadership skills of employees at all levels. This includes female line supervisors who can attend training in Bursa. Martur believes in helping its staff grow, and makes a special effort to encourage women operators to step up into higher positions.



PHOTO: COURTESY OF MARTUR

SERVICES AVAILABLE TO MARTUR KÜTAHYA EMPLOYEES.

## BUSINESS IMPACTS OF CHILDCARE SUPPORTS

"Providing childcare is not cheap, but the expenditure is well worth it, both in the short-term and particularly in the longer run," reflected Dogan. The main aim is to make mothers feel less stress, knowing their children are in safe hands. As a result of these initiatives, Martur has realized benefits such as enhanced recruitment, reduced staff turnover and absences, and increased quality, productivity, loyalty, and motivation.

### Cost of providing childcare supports

Martur spends approximately 625 Turkish lira (approximately \$175) per child per month for childcare, which includes transportation to and from the childcare centers. In 2016, it also spent 84,263 Turkish lira (\$24,000) on summer camps and sport activities, 241,366 Turkish lira (\$68,746) for a children's



**“Providing childcare is not cheap, but the expenditure is well worth it, in the short-term and particularly in the longer term.”**

**Salim Dogan, Director for Textile Operations and Manager of the Kütahya site**

summer fest, for a total of 325,629 Turkish lira (\$92,746). The company does not receive any tax allowances for the childcare expenditure.

After the initial investment of time to find viable childcare providers as partners, the administration of the benefit became rather routine. Damar estimated that he spends about a week per year on monitoring childcare centers, attending parent events, outreach, and tracking of potential new partners; the HR team additionally spends approximately half day per month on the benefit, and the Health and Safety team spends approximately half day per month on inspections and audits of childcare partners.

### **Benefits for recruitment**

Childcare has played an important role in turning Martur into the employer of choice in the area. Damar explained, “When we first started at Kütahya, we had a hard time persuading women to come and work at Martur. Few of them had any experience of working in the formal sector. Now we get on average 10 job applications from women per week, even without asking.” Dogan added, “Initially we had to go out with a megaphone (metaphorically speaking) saying that we were offering good jobs for women. Now the childcare centers are part of our megaphone—other women see the benefits of working here, and how it benefits their children.”

### **Benefits for retention**

Retention and reduced staff turnover is a key performance indicator for Martur. In the first half of 2013, before the childcare benefit was offered, average monthly turnover for manual workers was 4.4 percent; in the first half of 2017, it was down to 1.25 percent per month—a 70 percent decline. Martur estimates that the childcare benefit was responsible for about a quarter of the overall reduction in staff turnover, or for a reduction of staff turnover of approximately 15 percent. Cetin, whose sewing and cutting section employs the majority of staff, explained that every time a worker leaves and needs to be replaced, Martur faces substantial costs from lost productivity. A worker starting as an operator will have one week of classroom training, followed by three weeks of on-the-job training (during which he or she is observing, not yet contributing). It then typically takes the next seven months for the new employee to reach full basic productivity. However, workers constantly learn and become more competent, so, compared to team members who have been at work for longer, and thus are more experienced, the new worker’s productivity will still be lower.

The team-centered work processes at Martur mean that workers pass on their work to someone else, so if one worker is slower and/or has higher error rates, productivity falls for the whole line. Dogan described the knock-on effect of having

**“When we first started at Kütahya, we had a hard time persuading women to come and work at Martur. Few of them had any experience of working in the formal sector. Now we get on average 10 job applications from women per week.”**

**Zeyit Damar, Human Resource Manager, Martur Kütahya plant**

**“When an inexperienced worker joins a line, it is not just his or her productivity that goes down, but the productivity of the whole line drops because everyone depends on everyone else’s work. Quality and productivity go down, we fall behind our schedule, we need to work overtime. We lose more women workers because they do not like to work overtime. Childcare helps us turn this vicious cycle into a virtuous one.”**

**Salim Dogan, Director for Textile Operations and Manager of the Kütahya site**

an inexperienced worker with an example from 2012: “Typically we have daily deliveries to our internal customers in Bursa—two huge vans a day. Recently there was a problem with quality. We fell behind the schedule. We had to stay longer and use overtime to catch up, and instead of two large vans, we had to send 25 individual minivans. We had to pay the drivers, the gas for the cars, the overtime (150 percent of usual wages), and on top of it all, our workers really do not like overtime, so having to use overtime means we likely lost some workers. A vicious cycle! Childcare has made a big contribution to getting us into a virtuous cycle instead.”

### **Absenteeism**

Martur has also successfully reduced absenteeism, from 4.15 percent in 2013 before the childcare benefit became available to 1.9 percent in 2016; childcare is part of a package of measures to improve attendance. As a result of improved turnover and absenteeism, Martur only uses 2.6 percent overtime. Cetin explained what this means in practice, “In one shift we run 10 lines, with 10–15 people per line; an absenteeism rate of 4 percent for 250 workers means 10 people missing, each leaving a hole that needs to be filled by colleagues, with a potential negative impact on quality and productivity.” Deniz Sezerze, Manager for Quality at the Martur plant, explained, “Yes, we are working mothers, we have children. Sometimes children can get sick, but we can prepare for this: each operator learns something about someone else’s tasks, so that we can step in for each other and deal with absences when they do happen.”

### **Quality and productivity**

Martur’s customers expect high levels of quality; the tolerance for errors is very low. Working on the line requires sustained focus and concentration. Childcare helps workers to produce at a high level of quality. Cetin explained, “The tolerance for mistakes in our work is within millimeters. If you want employees to deliver at that level, they have to feel safe—safe while they are working here, and safe in the knowledge that their kids are well looked after.”

### **Health and safety**

The Martur plant is held accountable for its accident rates; having low or no accidents is another key performance indicator for Martur. Each accident is discussed with the workers to identify why it happened and how it can be prevented in the future. For the Health and Safety team, the childcare benefit directly contributes to keeping the accident rate close to its current near-zero level. The manager of the Health and Safety team explained, “When the mind is not free because you are tired or worried that something is wrong with

**“The tolerance for mistakes in our work is within millimeters. If you want employees to deliver at that level, they have to feel safe—safe while they are working here, and safe in the knowledge that their kids are well looked after.”**

**Günes Cetin, Plant Manager, Cutting and Sewing, Martur Kütahya plant**

your children, you cannot focus on your job, and may cause an accident. In our environment accidents typically have a domino effect; they do not only impact you, but also other workers. Childcare removes one potential point of pressure.”

### **Motivation and commitment**

One of the biggest benefits of childcare supports in view of Martur’s management, even if hard to quantify financially, is its impact on the loyalty and motivation of staff. Although only a minority of workers use the childcare benefit, its impact reaches those who are considering forming a family in the future—and further, to those who simply appreciate it as an example of Martur’s support for families. “Investing in the children of our employees is an investment in the future. We win by gaining loyalty, and by potentially influencing the employment choices not only of the current but also the future generation of workers,” reflected Dogan.

### **Legal compliance**

Under Turkish law, as an employer of more than 150 women, Martur is formally mandated to provide childcare for its female employees. However, according to the company, given low enforcement and low fees for lack of compliance (the monthly fine of approximately \$370 is much lower than Martur’s expenditure on childcare), legal compliance has not really been a major motivating factor for providing the childcare benefit.

### **CHALLENGES AND LESSONS LEARNED**

Martur’s biggest lesson has been a costly one: not planning for childcare when the new plant was constructed has cost the company a lot of money as a result of higher staff turnover. Martur had to spend time on supporting the development of the childcare market in Kütahya before it was able to be a client in that market—unlike its main facilities in the more metropolitan environment of Bursa with a more developed childcare market.

Martur has been successful with its strategy of reserving places in childcare centers that also serve other children. Reserving places in external centers has helped Martur spread the risk of fluctuation and reduce costs. Responsibility for compliance with educational and other childcare regulations



CHILDREN IN THE CRÈCHE PLAYGROUND.

PHOTO: COURTESY OF MARTUR

**“The childcare benefit is used by fewer than 10 percent of our female employees. But it gives all of them the confidence that they may benefit in future.”**

**Zeyit Damar, Human Resource Manager,  
Martur Kütahya plant**

lies with the centers, not with Martur. Although Martur initially carried the cost of child-appropriate transportation services, the responsibility for these services has now shifted to the childcare centers (who benefited from Martur’s experience with finding reliable providers of child-appropriate transportation).

Martur learned on the way that relying on just one center can be risky; the first childcare center partnering with Martur closed after less than a year, and the owners decided to move away. Martur’s goal now is to work with three or four centers, and to limit its contracts to centers that have successfully operated for a few years. To make this strategy work, Martur has reached out to the broader business community in Kütahya, realizing that increased demand for corporate childcare will build and stabilize the childcare market for childcare providers as much as for Martur.

In developing its childcare strategy, Martur has benefited from listening to employees: it learned from exit interviews with employees that childcare was an issue, and then addressed it. Martur is also benefiting from piloting benefits and adopting a flexible approach. This includes offering childcare in the evenings to match shifts, and abandoning that practice when it became clear that demand was less than predicted. The arrangements with the childcare centers also allows employees to change providers, giving them the confidence that they can try out an arrangement and see whether it fits.

Martur’s Kütahya plant is the only Martur subsidiary to provide childcare supports. Based on the positive experience at Kütahya, Martur is considering taking its lessons of the impact of childcare on retention and productivity to its sewing and cutting subsidiaries in Romania and Russia.

**“The biggest lesson for us? We could have saved ourselves a lot of time and money if we had thought of childcare right from the start when we built the plant. Not doing so cost us four years of high employee turnover and lower productivity.”**

**Zeyit Damar, Human Resources Manager,  
Martur Kütahya plant**

## Endnotes

- 1 Turkstat. *Social Structure and Gender Statistics – Use of time* (2014–2015), [http://www.turkstat.gov.tr/PreTablo.do?alt\\_id=1068](http://www.turkstat.gov.tr/PreTablo.do?alt_id=1068)
- 2 This requirement applies to the Martur Kütahya plant since it employs more than 150 women.
- 3 Interviews for this case study were conducted in person in Kütahya, near Bursa, in July 2017 with a cross-section of Martur Kütahya staff, including the Textile Operations Director and Manager of the Kütahya site, the HR Director and HR Senior Specialists, Quality Manager, Health and Safety Specialist, Senior Line Managers, two focus groups of women operators, and the HR Director for Martur Fompak Turkey. Visits were also conducted to two childcare centers that have contracts with Martur. Martur is a partner of IFC.

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**Economy name:**  
Jordan

**Main business city:**  
Amman\*

**Region:**  
Middle East and  
North Africa

**Income level:**  
Upper middle  
income

**Population:**  
6,607,000

**Female population:**  
3,237,104

**Labor force  
participation (15+):**  
14% female  
64% male

**Compulsory  
primary education  
enrollment age:**  
6 years



### Leave policies

Paid maternity leave	Yes	70 days
Paid paternity leave	No	0
Paid parental leave	No	0



### Legal obligation for employers to support childcare

	0-2 years	3-5 years
Obligation for employers to support childcare?	Yes	Yes, up to 4 years old
Based on the number of female employees?	Yes, 20 women or more	Yes, 20 women or more with children up to 4 years old
Based on the number of employees regardless of gender?	No	No
Special legislation on employer-provided childcare?	Yes	Yes



### Government incentives to employers to support childcare

Tax benefits to employers to support childcare?	No	No
Non-tax benefits to employers to support childcare? (monetary and/or nonmonetary benefits)	Yes, (monetary support for establishment, furnishing and operation of nurseries in the workplace)	Yes, for children up to 4 years old (monetary support for establishment, furnishing and operation of nurseries in the workplace)



### Quality of private childcare services

License or registration required?	Yes	Yes
Zoning requirements?	Yes	Yes
Pupil-teacher ratio required?	Yes	Yes
Penalties for non-compliance with laws?	Yes	Yes

\*The *Women, Business and the Law* data are based on domestic laws and regulations that apply to the main business city of the economy. For more information on the methodology including the maternity/paternity/parental leave calculation methodology, visit [wbl.worldbank.org](http://wbl.worldbank.org)

# MAS Kreeda

## Al Safi-Madaba

### Garment Manufacturing, **JORDAN**

#### **PARENTS, WORK, AND CHILDCARE IN JORDAN**

In 2016, only 14 percent of women in Jordan participated in the labor force, compared with 64 percent of men, making Jordan the second-to-last country worldwide in percentage of women working outside the home.<sup>1</sup> Women experience high unemployment: 25 percent of women are unemployed, compared with 14 percent of men. The overall unemployment rate is 16 percent for the country (ILO/IFC, 2017). Although women's employment in industry is relatively unusual, the garment sector in Jordan employs an almost entirely female workforce. However, only about a quarter of the workforce—or 16,000 out of 65,000 workers—are Jordanian; the large majority are migrant workers from countries such as Bangladesh, India, and Sri Lanka (ILO/IFC, 2017). Both migrant and Jordanian women working in the garment industry, many of whom are young, unmarried, and without families of their own, typically hold positions on production lines, as sewers or cutters, for example, with management and executive-level staff largely comprised of Jordanian men.

For women who want to enter the workforce, the lack of a robust, affordable childcare infrastructure can present a major barrier to their ability to hold paid employment (World Bank, 2014). According to the director of a high-end private childcare center in Amman, private childcare centers are expensive and fairly uncommon in areas outside of cities. High-quality center-based care in Amman can cost up to 3,000 Jordanian dinars (roughly \$4,200) per year and are often only open for the nine-month academic year. Women interviewed for this case study said that childcare arrangements in villages can cost between 50 and 100 Jordanian dinars (\$70–\$141) per month, which can be a hefty expense for parents earning minimum wage, which, as of February 2017, is 220 Jordanian dinars, or approximately \$310 (ATUC, 2017). Women in rural areas (for cost as well as cultural reasons) largely rely on family, friend, and neighbor care, which costs between 25 and 50 Jordanian dinars (\$35–\$70) per month. (The fees cover services, food, and other necessities provided by nonparental relatives or friends and neighbors. For example, a sister or cousin would be paid, though usually not the children's grandparents.) Compulsory schooling starts at age six, yet private

#### MAS Kreeda Al Safi-Madaba's **Employee Profile** (April 2017):

- 92% of 406 employees are women (374 women; 32 men)
- 19% of women (71) and 75% of men (24) have children under age six

#### MAS Kreeda Al Safi-Madaba supports **employees with children** through:

- On-site childcare center
- Free transportation to and from the factory for mothers and children
- Doctor and nurses available to serve employees as well as children
- On-site breastfeeding accommodations
- Corporate-wide "Women Go Beyond" initiative to support women as managers/executives

#### Main **business impacts** of offering childcare support:

- Recruitment and retention of female employees in a region with low maternal employment and strong culture of mothers not working outside the home
- Access to buyers requiring compliance with national labor laws

childcare centers can only serve children under age four, the age at which, in theory, children can enter noncompulsory preschool (UNESCO, 2011). However, few preschool programs are offered by public and private schools, according to an Amman-based childcare center director interviewed for this case study, meaning that most parents of children ages four and five are left with no option other than home-based care.

Since 1996, employers with at least 20 women on staff who have among them at least 10 children younger than age four by law must provide care for those children by a trained nurse at an adequate childcare facility (Labor Law No. 8 of 1996, as Amended, Art. 72).<sup>2</sup> To satisfy the law, qualifying employers must either build an on-site facility to provide care to workers' children or establish a shared, off-site childcare center that serves children of employees of multiple employers (Instructions No. 1 of 2013 on Licenses for Employer-Provided, Private and Voluntary Childcare, Art. 3). Article 72 of the Labor Law has largely gone unenforced and most private sector employers remain without childcare supports. Recently, however, growing civil society and nongovernmental (NGO) advocacy has encouraged an upswing in private sector compliance (Hazem, 2016).

In Jordan, women receive a total of 10 weeks of job-guaranteed maternity leave with 100 percent pay, with at least six of those weeks taking place after delivery. Once they return to work, employed women may take one paid hour per day for breastfeeding for up to one year following childbirth (Labor Law No. 8 of 1996, as Amended, Art. 71). Women who work at an establishment with 10 or more employees also have the right to take up to one year of job-guaranteed, unpaid leave for childrearing after maternity leave, on the contingency that they do not engage in any other paid employment during that time (Labor Law No. 8 of 1996, as Amended, Art. 67).

This case study examines how MAS Kreeda Al Safi-Madaba, a leading garment producer in Jordan and a subsidiary of Sri Lankan garment conglomerate MAS Holdings, is supporting its employees with on-site childcare in one of their two factories. The company's childcare center, which began serving children in August 2016, is successfully supporting the childcare needs of its largely female workforce, and has made MAS Kreeda Al Safi one of just a handful of employers in Jordan who have actively sought to comply with the country's childcare mandate.<sup>3</sup>

## **MAS KREEDA AL SAFI-MADABA COMPANY BACKGROUND**

MAS Kreeda Al Safi is the Jordanian manufacturing arm of MAS Active, the activewear unit of MAS Holdings. MAS Holdings, a design-to-delivery conglomerate founded in 1987 and today worth \$1.6 billion, is headquartered in Sri Lanka and has 48 manufacturing facilities in 15 countries.<sup>4</sup> MAS Kreeda Al Safi ("Kreeda" being the Arabic translation of "active") has its main manufacturing plant in Sahab, a qualified industrial zone (QIZ), though MAS Kreeda Al Safi has opened a satellite unit that employs mostly Jordanian workers.

## **MAS KREEDA AL SAFI-MADABA'S BUSINESS CONTEXT FOR SUPPORTING CHILDCARE**

MAS Kreeda Al Safi's satellite factory, where this case study was conducted, is located near the town of Madaba, a rural community located roughly 55 km from the city of Amman. The Al Safi-Madaba satellite, which MAS Kreeda took over in 2015 from American company Val D'or Apparel, is part of the Jordanian government's initiative to incentivize greater private sector employment of Jordanians, particularly women, in rural areas as well as in the garment industry (IFC/ILO, 2017).

MAS Kreeda came to Jordan in 2014, in part as a result of urging by a major U.S.-based buyer, but also to take advantage of the country's free trade agreements with the United States and other countries. This buyer requires all its producers to follow rigorous production standards, including adhering to

### Women in Leadership Positions at MAS Kreeda Al Safi-Madaba

43% **executives (6 out of 14)**

0% **managers (0 out of 2)**

87% **supervisors (26 out of 30)**

95% **team members (342 out of 360)**

a code of conduct and complying with all relevant laws of the land, which, in Jordan, includes the Labor Law's private sector childcare mandate. Although complying with Article 72 represented an ambitious investment by MAS Kreeda Al Safi, compliance is both a mechanism for securing contracts with the U.S. buyer, and consistent with MAS Kreeda's values-driven, people-centered corporate culture.

The Madaba facility employs 406 workers, or 21 percent of MAS Kreeda Al Safi's total workforce, which is nearly all female—374 (92 percent) of the company's 406 employees are women. The company currently employs 71 mothers, or 18 percent of its total workforce. MAS Kreeda Al Safi-Madaba expects that the number of mothers in the workforce will rise since over a third of its current employees are younger than 24 years old, and may not yet have started their families. The majority of women at the Madaba satellite (91.5 percent, or 342 women) are employed as team members who work on production lines, although many line supervisors are women as well (26 out of 30 total supervisors). Although there are no women employed at the management level and just six are employed at the executive level, MAS Kreeda Al Safi is currently implementing a corporate-wide MAS Holdings' "Women Go Beyond" initiative focused on empowering women by facilitating their advancement into management- and executive-level positions.<sup>5</sup> This initiative

goes hand in hand with the company's recent childcare offering to facilitate the employment and retention of women employees at all levels.

MAS Kreeda Al Safi-Madaba differs significantly from the company's main factory at Sahab in that its workforce is nearly all Jordanian (98 percent), whereas the Sahab factory relies almost exclusively on migrant workers, who live on-site and generally do not yet have children or do not bring them with them while on contract. MAS Kreeda Al Safi-Madaba's workforce commutes to and from the factory, which is located in proximity to their homes and families, and it is not uncommon for workers to take time off to attend to personal needs or responsibilities. Cultural norms surrounding women's participation in paid employment and the regulatory code, which requires married women to get their husband's permission to work or travel outside the home (Jordanian Personal Status Law, 2010), can also cause conflict within families, sometimes affecting the workplace directly. Absenteeism and turnover represent primary human resource challenges for the factory.



THE CRÈCHE AT MAS KREEDA AL SAFI-MADABA RECEIVED SUPPORT FROM VARIOUS PUBLIC SECTOR ENTITIES.

PHOTO: COURTESY OF MAS KREEDA AL SAFI-MADABA



## HOW MAS KREEDA AL SAFI-MADABA SUPPORTS EMPLOYEES WITH CHILDCARE NEEDS

To serve the children of mothers employed by MAS Kreeda Al Safi-Madaba, the company's on-site childcare center provides free, quality childcare, in addition to a space for breastfeeding mothers. Workers also benefit from free transportation with their children to and from the facility and free on-site basic medical services provided by the company to its employees and to the children who are enrolled in the childcare center.

### On-site childcare center

MAS Kreeda Al Safi-Madaba's childcare center officially opened in August 2016. As of April 2017, the center served 36 children and 30 mothers, and employed five caregivers, including the Childcare Center Manager, and one janitor. Initially, two working fathers enrolled their children in the center (though they removed their children from it for personal reasons unrelated to the center or the company within the first two to three months of the center's opening). As demand increased for slots, the company began to enforce a policy of only serving the children of women employees, though management is hopeful they can eventually expand services to fathers of young children once again, if there is sufficient demand.

The center has four classrooms. Children are not allowed in the factory itself, but the center does have an outdoor space with a fenced-in playground. The center hours mirror those of the factory, with care provided from 8:00 a.m. to 4:30 p.m. six days a week year-round. During Ramadan, hours are abbreviated, but still align with factory working hours (8:00 a.m. to 3:00 p.m.). Women bring their children with them on buses provided by the company to all workers free of charge, and pick up their children after they are released from work to return home on the same buses.

Caregivers engage children in age-appropriate learning and play activities. Depending on their age, children learn the alphabet, prayers, and do basic skill development exercises, in

### Childcare Center Use (as of April 2017)

36

#### children served:

8 children ages 3 months–1 year  
9 children ages 1–2 years  
9 children ages 2–3 years  
10 children ages 3–4 years

30

#### mothers served:

27 team members (including  
4 childcare staff)  
3 managers, including the Childcare  
Center Manager

12

#### children on the waitlist

addition to recess, naptime, and other activities. Caregivers conduct skill assessments every three months, allowing mothers to track their children's progress. Mothers are also given an opportunity at that time to share concerns or questions with the center and provide feedback, which so far has nearly all been positive. At this stage, the company does not provide any early childhood development programs, though the Childcare Center Manager, Razan Al Ajaneen, and CEO Farhan Ifram hope to introduce them over time.

At first, women were hesitant to bring their children to the new childcare center. A survey conducted prior to MAS Kreeda's purchase of the facility found that, while women were very interested in receiving support for their childcare needs, they preferred childcare subsidies to a physical center. As Madaba Human Resources Executive Reem Abo Al Ghanm explained, women felt uncomfortable with having their children at the factory, which was seen as an unsuitable environment for children; they were concerned about the safety of transportation to and from the factory; and they were not convinced that having strangers care for their children would be better or safer than family members or neighbors, whom they

know and trust. This hesitancy largely dissipated, however, once mothers began using the center, and, as mothers' satisfaction with the center has spread by word of mouth, demand for slots has increased rapidly. Al Ghanm herself has her four-year-old daughter enrolled in the center and plans to enroll her infant son as soon as she feels he is old enough to be around other children.

As Bhathiya Karunathilaka, General Manager of MAS Kreeda Al Safi, described, "I have been getting nonstop questions from women about whether there is space for their children [at the childcare center]. This level of demand, to me, means the center is a success!" At capacity since March 2017, the center now has a waitlist of 12 children. Although the center's square footage is large enough to legally serve 50 children, this would make the classrooms quite crowded. In addition, to maintain appropriate teacher-to-child ratios, the center would need to hire additional caregivers to allow them to offer more than 36 slots (the number of additional caregivers would depend on the ages of the children enrolled).

When a slot becomes available, which usually occurs when one of the current users turns four or a woman resigns from the company, women on the waitlist are selected based on

**"Before the childcare center, I had to walk to my relative's house to drop my child there even in winter. I would often have to stay at home when my child was sick, especially in winter, or if my relative was unavailable to provide care. But now with the childcare facility and transport, it is so much easier. We rarely use our leave."**

**Childcare center user**



THE MAIN PLAY AREA OF THE AL SAFI CRÈCHE.

PHOTO: COURTESY OF MAS KREEDA AL SAFI-MADABA

the length of time they have worked at the company. There is no cap on the number of children a mother can enroll in the center, as long as slots are available and the children are under age four. Slots for children whose mothers are on maternity leave are held until they return to work (this is currently the case for three mothers), but other children can temporarily use those slots.

### **Supports for breastfeeding mothers**

The center provides mothers with a clean, private space to breastfeed on the factory grounds. Before the center opened, the company would give new mothers one day off from work per week (essentially combining the allotted weekly hours they have by law to nurse into one day) since there was no appropriate space for them to breastfeed at the factory. This one day off per week, however, inflated absenteeism rates and disrupted production lines. Now, new mothers can take one hour per day to breastfeed on-site, and can therefore work a full six-day work week, reducing absenteeism and maintaining consistent line productivity.

Deputy General Manager for Human Resources and Administration Hani Bostanji reported, "Company management noticed immediate impacts of childcare. Absenteeism has gone down in a short period. By law, after maternity leave, mothers get one hour of breastfeeding. Before the childcare, our women employees took one paid day off per week by adding up the six hours of breastfeeding per week. Now they do not have to take a day off as they can breastfeed in the childcare center."

**Leave Benefits at MAS Kreeda Al Safi-Madaba**

**Paid maternity leave:** 70 days, fully paid, job guaranteed

**Paid annual leave:** 14 days

**Paid sick leave:** 14 days, only for personal health issues; doctor's note required

**Paid leave**

Women at MAS Kreeda Al Safi-Madaba receive maternity leave as mandated by Jordanian law and described above. Jordan does not have any paternity or parental leave provisions, nor does the company provide any. All employees receive two weeks of annual leave and two weeks of sick leave, which they can only use for their own health (not to care for the health of a child or other family member) and must be validated by a doctor.

In the last three years, of the 25 women who took maternity leave, 19, or 76 percent, were still employed at least one year later, and 16, or 64 percent, have enrolled their children at the childcare center.

**Health services**

The company employs two nurses and one doctor, who are on-site every day, to provide basic care and screenings to employees as well as children enrolled in the childcare center. They have some basic medications available, and can prescribe and administer medicine to children in the childcare center (though employees are responsible for filling and covering the cost of prescriptions). The medical staff also help in situations where children experience a medical emergency.

**Transportation**

The company also provides transportation to and from the factory to all workers free of charge, including children who are

enrolled in the childcare center. MAS Kreeda Al Safi-Madaba contracts with a bus company to provide the service, which picks up and drops off workers from bus stations and other central points in and around Madaba (the bus company's insurance covers liability for any injuries that occur in transit). Workers' commutes range from 20 minutes to 2 hours, depending on where they live.

**BUSINESS IMPACT OF MAS KREEDA AL SAFI-MADABA'S CHILDCARE CENTER**

Although still new, MAS Kreeda Al Safi-Madaba's childcare center has already had an effect on important business indicators, including benefits to the company's access to markets, its reputation, recruiting prospects, productivity, and workforce stability, in the form of reduced absenteeism, higher retention, and increased employee loyalty and satisfaction. Over time, the company can expect these benefits to grow, furthering progress toward its goals for production and growth, as well as cementing its position as "employer of choice" for (Jordanian) women who want to enter the labor market.<sup>6</sup>

**Costs of establishing a childcare center at MAS Kreeda Al Safi-Madaba**

MAS Kreeda Al Safi was not alone in navigating the unfamiliar world of caregiving. The company benefited greatly from support provided by an NGO that advocates for private

**Maternity Leave Benefits at MAS Kreeda Al Safi-Madaba**

**Number of women who took maternity leave in the last three years:** 25

**Number of women who returned from maternity leave and were still employed at least one year later, in the last three years:** 19

**Number of women who returned from maternity leave in the last three years and used or are using the childcare center:** 16



THE OUTDOOR PLAY AREA OF THE AL SAFI CRÈCHE.

PHOTO: COURTESY OF MAS KREEDA AL SAFI-MADABA

sector provision of childcare in line with Article 72. Technical assistance from SADAQA, a Jordanian NGO founded in 2011 with a mission to improve workplace supports for women, helped as the company explored options and developed plans for establishing the center. SADAQA helped MAS Kreeda Al Safi design a layout for the center. The NGO also helped the company navigate the complicated licensing process, which involves complying with regulations and passing audits by three government agencies, in addition to an audit by their major U.S. buyer.<sup>7</sup> In MAS Kreeda Al Safi's case, this process was lengthy, and ultimately delayed the opening of the childcare center by two months. Support and guidance provided by Better Work Jordan—a joint project of the International Labor Organization (ILO) and the International Finance Corporation (IFC) committed to improving working conditions for workers in Jordan's garment industry and thereby enhancing factory productivity—also facilitated and supported the process.

In addition, MAS Kreeda Al Safi-Madaba's received substantial material support from the National Council for Family Affairs (NCFA). With funding from the European Union, the NCFA provides financial support of up to 20,000 Jordanian dinars (more than \$28,000) to companies setting up childcare centers in accordance with Article 72. The NCFA donated all the furniture for the company's new center, is subsidizing 50 percent of the caregivers' salaries for the first year of center operation, and provided the center's manager and three caregivers with a free 44-hour training on running a childcare center, which the other caregiving staff will soon also take.

After the donated technical assistance, furniture, and staff training, MAS Kreeda Al Safi-Madaba's initial investment in the center amounted to 80,000 Jordanian dinars (roughly \$112,800), which mainly went to the conversion of the existing factory warehouse into a childcare center. Maintaining the center is relatively low cost, with staff salaries and utility expenses totaling approximately 3,000 Jordanian dinars per month (\$4,000 per month, or \$48,000 per year). Although these costs are expected to rise slightly when the support from the NCFA expires, as Naser Al Turk, Deputy General Manager of Finance, explained, "This is not a big number in comparison to the cost of a delivery failure or error when employees are not motivated or focused."

### Recruitment

The company's reputation for supporting working mothers is attracting a new pool of applicants who would not have considered taking paid employment before the childcare support was established. Al Ghanm reported an increase in job applications in the months since the childcare center was established: "We have seen the perception of Al Safi in the surrounding communities improve as a result of the center. Now women are coming to Al Safi specifically because of the

**"Our company's reputation in the community was already good but with the childcare center it is even better because people think that the company is keeping mothers and children together and not separating them. Even family members encourage women who are not working to join this factory because of the childcare facility."**

**Female line supervisor**



PHOTO: COURTESY OF MAS KREEDA AL SAFI-MADABA

ANOTHER VIEW OF THE OUTDOOR PLAY AREA OF THE AL SAFI CRÈCHE.

center's existence." One line supervisor echoed this sentiment saying, "Our company's reputation in the community was already good but with the childcare center it is even better because people think that the company is keeping mothers and children together and not separating them. Even family members encourage women who are not working to join this factory because of the childcare facility."

Some of the mothers interviewed for this case study specifically referenced the childcare center as the reason they applied for a job at the factory. One woman, whose daughter is currently using the center, is also four months pregnant: "I always stayed at home and took care of kids. This is my first job and the childcare facility here is the main reason why I was able and willing to start working." Having worked at MAS Kreeda Al Safi-Madaba for just six months, she hopes to come back to work as soon as her maternity leave is over and bring her new baby to the center as well. Despite her desire to remain employed at the company, she knows that an available slot is not a certainty, which could make coming back to work harder. Another mother, who has two children, aged seven months and two years, also reported that her decision to join MAS Kreeda Al Safi-Madaba's was, in part, predicated on the knowledge that the factory has a childcare center. Although neither of her children are currently served by the center (her family prefers to have her children at home while she is at work) she feels comforted knowing that a safe, quality source of care is available to her should she ever need or want to change her arrangement.

Workers and staff alike express an awareness that local communities now view MAS Kreeda Al Safi-Madaba as an attractive employer who values family and supports the mothers they employ. This reputation is important both for the company to retain its position of "employer of choice" for local women, but also for the families of women who want to work. Given that women's participation in the formal labor force is still emerging as normal and acceptable in traditional Jordanian culture, an employer known for valuing and supporting motherhood may increase families' acceptance of female family members who decide to take a job at the company.

### Retention

The childcare center is also having a positive impact on the retention of workers. Appreciation for the care support, in addition to the comfort and convenience of having their children on-site while they are at work, makes beneficiaries eager to remain employed at MAS Kreeda Al Safi-Madaba. Numerous employees also expressed appreciation that the company has made a targeted effort to keep mothers close to their children. Both mothers who have been employed there for many years and those who are still relatively new express enhanced loyalty to the company and a desire to retain their jobs now that the childcare center is serving employees' children. This loyalty is also echoed among women who are expecting a new baby or hope to start a family in the future. As one line supervisor said: "The center does influence me [even though I do not have any children yet] because it makes me feel better knowing it is there."

**"Having the childcare center maximizes our investment in local Jordanian talent by increasing the longevity of our workforce."**

**Bhathiya Karunathilaka, MAS Kreeda Al Safi General Manager**



**“The center does influence me [even though I do not have any children yet] because it makes me feel better knowing it is there.”**

**Female line supervisor, no children**



PHOTO: COURTESY OF MAS KREEDA AL SAFI-MADABA

ONE OF THE CLASSROOMS FOR TODDLERS AT THE AL SAFI CRÈCHE.

MAS Kreeda Al Safi executives recognize these retention benefits. CEO Ifram sees the childcare center as a critical lever for fostering employee loyalty and satisfaction, which can only mean positive outcomes for the business: “We conducted a survey after the childcare center opened and saw that loyalty, happiness, and satisfaction have gone up among married *and* unmarried women employees. Unmarried women see the childcare as an enabling factor in their decision to settle down and have kids. We believe that a happy workforce is a productive workforce.” General Manager Karunathilaka agreed, “Having the childcare center maximizes our investment in local talent by increasing the longevity of our workforce.”

### **Employee absenteeism and turnover**

The childcare center has resulted in reduced volatility in attendance and turnover among beneficiaries. Since the center opened, absences due to sick leave have fallen by 9 percent. Deputy General Manager of Finance Nasir Al Turk pointed to the financial and productivity benefits that the center brings via reduced absences related to childcare: “If each of these 30 women [childcare users] is absent once every month then the company would lose around 300 Jordanian dinars (JOD) (\$423) per month. This would lead to a productivity loss as well since many of these women are involved in production. With childcare, absenteeism among childcare users has significantly gone down.”

Mothers with children in the center also report needing to take off fewer days from work to care for sick children or to fill in when their caregiving arrangement falls through, and supervisors have noticed a reduction in planned and unplanned absences among childcare center users. Prior to the existence of the MAS Kreeda Al Safi-Madaba childcare center, care options were relatively limited for mothers, and taking annual leave to care for sick children or to fill in last minute for a failed care arrangement was not uncommon.<sup>8</sup> As Al Ghanm explained, “If their children got sick, female employees would take unscheduled leave without notice. As this is a rural area, women also worry about where they will leave their 70-day-old child after maternity leave.”

Now, the childcare center allows mothers to drop their children off at the center and know that they will be in good hands even when they are sick, given that there is an on-site clinic as well. As a result, beneficiaries come to work more often and report rarely needing to take annual leave since the center was established. One childcare user describes her experience before and after the childcare center’s establishment: “Before the childcare center, I had to walk to my relative’s house to drop my child there even in winter. I would often have to stay at home when my child was sick, especially in winter, or if my relative was unavailable to provide care. But now with the childcare facility and transport, it is so much easier. We rarely use our vacation days now to take leave.”

In addition to the childcare center, MAS Kreeda Al Safi-Madaba has established several targeted policies and programs to address the issue of absenteeism. The facility recently introduced absenteeism forecasting, a policy that requires all employees to request leave at least four days in advance. Unplanned absences result in the docking of one day of annual leave. Employees are also rewarded for limiting the number of days they are out of work—a bonus of 13 Jordanian dinars (roughly \$18) is given to workers who only take up to one day of sick leave and one day of annual leave per month. In addition, MAS Kreeda Al Safi-Madaba has established a “jumper” system that involves having workers with diverse skillsets ready to fill in for absent employees. These measures seem to be working: unplanned absences are down 2.4 percent since the policy was implemented in September 2016 (January to August 2016 compared with September 2016 to April 2017).

### Employee productivity

Childcare center user and supervisor reports of improved focus and engagement at work have important implications for productivity. Put in context by Deputy General Manager

**“Absenteeism has gone down in a short period. By law, after maternity leave, mothers get one hour of breastfeeding. Before the childcare, our women employees took one paid day off per week by adding up the six hours of breastfeeding per week. Now they do not have to take a day off as they can breastfeed in the childcare center.”**

**Hani Bostanji, MAS Kreeda Al Safi Deputy General Manager for Human Resources and Administration**

**“I am now more focused at work because my child is here with me at the factory; I don’t have to constantly wonder how he is during the day.”**

**Female team member, childcare center user**

of Finance Al Turk, when errors in production are made, “the company may have to ship products by air, and each error-related shipment costs \$12,000–18,000. When workers are happy (such as through the childcare), productivity and efficiency are high, errors are low, workers meet all their deadlines, and our annual cost of running the crèche can be easily met.”

Childcare center users and their colleagues report experiencing a number of benefits since the establishment of the childcare center. Mothers using the childcare center reported that the knowledge that their children are nearby and safe allows them to concentrate without feeling anxiety or distraction at the thought of how their children are faring. They can also visit their children at the center during lunch or on breaks, forgoing their need to call their caregivers and check on their children while at work. As one mother put it, “I am now more focused at work because my child is here with me at the factory; I don’t have to constantly wonder how he is during the day.”

On the production line, supervisors have noticed the mothers’ increase in focus. One line supervisor confirmed that the three mothers on her line who use the center have become more present and productive since their children have been coming with them to work. Observing the three mothers over time, she has noticed a change in their demeanor. Before, they were often away from the line, on the phone checking on their children. Now with the childcare center, they are more present, take fewer breaks throughout the day, and generally seem more engaged at work now that they do not have to part from their children.

### Access to markets

As noted earlier, MAS Kreeda Al Safi came to Jordan in part as a result of urging from its major U.S.-based buyer, which requires its suppliers to follow rigorous production standards and adhere to a code of conduct that includes compliance with all relevant laws of the land. In Jordan, this includes complying with the private sector childcare provision mandate.

Coming into compliance with Article 72 of the Jordanian Labor Law by building the company childcare center allowed MAS Kreeda Al Safi to solidify its relationship with this buyer, on which it has pinned substantial plans for future business growth. Establishing the childcare center was just the next step in ensuring the success of this partnership and gives the company a competitive advantage, given that few of its competitors provide childcare in compliance with the law. Today, the company is one of the most highly rated on the buyer's rating scale, having achieved a "bronze" rating, which few of the buyers' other producers have achieved. Having the childcare center also keeps the company in compliance with the Labor Law, avoiding potential governmental fines of up to 500 Jordanian dinars (\$700), while solidifying its position as an industry leader that is committed to upholding international and local labor standards that empower workers and lead to the most productive, profitable business outcomes.

**"The center has helped women to focus because they used to think about their kids all the time while at work and separated from them; it is also saving women money because it is free care."**

**Female team member, mother, not using the childcare center**

**"By establishing this childcare center, we are solidifying our company's reputation as a pioneer and employer of choice for women in rural areas since childcare is enabling more skilled women to enter the workforce. Our efforts have been recognized by the Government of Jordan and the ILO/IFC Better Work program."**

**Farhan Ifram, CEO, MAS Kreeda Al Safi**

### Company reputation

With a motto of "Change is Courage," MAS Holdings has a corporate-wide commitment to innovation and a strong value system that guides its mission to "Inspire, Build, and Achieve." At both the corporate level and within the MAS Kreeda Al Safi-Madaba branch, pride and dedication to promoting an ethical and sustainable working environment were key to the decision to build the childcare center. MAS Kreeda Al Safi-Madaba has received positive public attention since its decision to establish the center. King Abdullah of Jordan visited the Madaba factory in 2016 to showcase the successful satellite unit, and an ILO video profiled the center, its role in improving supports for working mothers, and the company's collaboration with Better Work Jordan. MAS Kreeda Al Safi is one of only six garment factories that are compliant with Article 72 (i.e., they provide on-site childcare facilities) out of the 67 with which Better Work Jordan is collaborating to improve the working conditions and increase the competitiveness of Jordan's garment industry (ILO/IFC, 2017). As CEO Ifram explained, "By establishing this childcare center, we are solidifying our company's reputation as a pioneer and employer of choice for women in rural areas since childcare is enabling more



skilled women to enter the workforce. Our efforts have been recognized by the Government of Jordan and the ILO/IFC Better Work program.”

## LESSONS LEARNED

The childcare center at MAS Kreeda Al Safi-Madaba has quickly become a valued and expected benefit for employees at the plant. It is, however, operating at full capacity with a waitlist of 12 children. The company is now considering how to more fully meet its employees' childcare needs. Among MAS Kreeda Al Safi-Madaba employees, there are, as of June 2016, 50 children within the eligible age range for care. Childcare Center Manager Al Ajaneen hopes they can eventually expand both in size and capacity so that both mothers and fathers can benefit.

CEO Ifram echoed this sentiment, and expressed his vision to “go beyond” Article 72 to maximize the company's investment in the center. Because of current capacity limits, the company must prioritize female employees' access to childcare, in addition to only serving children under the age of four. The fact that children ages four to five must now find care elsewhere after having been enrolled at the company's center could potentially reverse the positive benefits to working parents that allow them to come to work more regularly and remain employed after the birth of a child. The company hopes to address both issues by eventually expanding their services to the children of male employees and to children in the year before kindergarten.

For both existing users and possible expansion of the childcare facility, all management team members interviewed agreed that a major hurdle moving forward involves the children's safety during their commute to and from the factory. The company has been working with the transportation contractor to further upgrade the quality and safety of buses used.

Expansion of care to more children would require the company to invest additional resources. To maintain viability, the center will likely have to consider how to recoup at least some of the costs of maintaining and expanding it. Although the no-fee

model currently used is particularly valuable to beneficiaries, options such as a sliding-fee scale that bases fees on financial need or salary, charging small fees for care for four- and five-year-olds, or summer care for older children, could be considered.

## CONCLUSION

MAS Kreeda Al Safi-Madaba's childcare center is contributing to improved workforce stability, in the form of reduced absenteeism and improved retention, is supporting high and error-free production, and is reinforcing the company's reputation within the local community and country as a leading employer in the garment industry. In addition, it has strengthened the company's relationship with its major international buyer, securing access to an important market and supporting its strategic business objectives and plans for future growth.

The center is also a boon to the community, furthering the government's goal to increase the employment of Jordanians, particularly women, in low-income, high-unemployment regions. The childcare center facilitates the ability of mothers (as well as younger, unmarried women who hope one day to start a family) to take advantage of new opportunities for employment. It has also created new jobs for women as caregivers in the center. Company management values the center's impact on the community, and sees the company's contribution to the local workforce as integral to its business model. As General Manager Karunathilaka noted, “We want to contribute to our community and will continue to explore ways to engage with them to ensure sustainability via the local workforce.”

Moving forward, expanding care to all parents employed at MAS Kreeda Al Safi-Madaba, as well as to a larger age range of children, would enhance the benefits to reputation, productivity, and workforce stability that the company is already experiencing—doubling down on its existing commitment to working mothers, to local communities, and to the empowerment and advancement of women more broadly.

## Endnotes

- 1 See <http://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS>
- 2 The original text of the law specified 20 “married” women. However, a recent amendment to the article—established through a social dialogue process in 2010—removed that language. Although the amendment has not yet been endorsed by Parliament, it is currently being enforced in practice.
- 3 This case study is based on interviews conducted in person by International Finance Corporation (IFC) and Institute for Women’s Policy Research (IWPR) staff in Jordan in April 2017. Interviews were conducted with a range of employees, including the CEO, a corporate-level General Manager, company-wide and Madaba-specific Human Resource Managers, Deputy General Manager of Finance, and the Childcare Center Manager, in addition to focus groups with team members and supervisors with and without children who benefit from the childcare center. The case study involved site visits to both the MAS Kreeda Al Safi-Madaba satellite factory and the main MAS Kreeda Al Safi-Sahab production facility.
- 4 See MAS Holdings <http://www.masholdings.com/overview.html#overview>
- 5 See MAS Holdings’ “Women Go Beyond” initiative <http://www.masholdings.com/women-go-beyond.html>
- 6 Given that the childcare center opened in August 2016, IWPR/IFC researchers were able to establish a baseline based on specific indicators instituted by MAS Kreeda Al Safi-Madaba, such as enrollment, absences, and retention of mothers using the center, and measure subsequent changes between the center’s launch and the time of the interviews in April 2017.
- 7 Childcare centers must pass audits by the Ministry of Social Development, Ministry of Labor, and the Ministry of Civil Defense.
- 8 Sick leave can only be used for one’s own illness, and not to care for the health of a family member.

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- Labor Law No. 8 of 1996, as Amended, Art. 71. 1996. Labour Code. Vol. 71.* <http://www.ilo.org/dyn/natlex/docs/WBTEXT/45676/65048/E96JOR01.htm> (accessed May 30, 2017).
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**Economy name:**  
India

**Main business city:**  
Mumbai\*

**Region:**  
South Asia

**Income level:**  
Lower middle  
income

**Population:**  
1,267,401,849

**Female Population:**  
612,195,535

**Labor force  
participation (15+):**  
27% female  
79% male

**Compulsory  
primary education  
enrollment age:**  
6 years



### Leave policies

Paid maternity leave	Yes	182 days
Paid paternity leave	No	0
Paid parental leave	No	0



### Legal obligation for employers to support childcare

	0-2 years	3-5 years
Obligation for employers to support childcare?	Yes	Yes
Based on the number of female employees?	No	No
Based on the number of employees regardless of gender?	Yes (50 or more employees)	Yes (50 or more employees)
Special legislation on employer-provided childcare?	No	No



### Government incentives to employers to support childcare

Tax benefits to employers to support childcare?	Yes	Yes
Non-tax benefits to employers to support childcare? (monetary and/or nonmonetary benefits)	No	No



### Quality of private childcare services

License or registration required?	Yes	Yes
Zoning requirements?	No	No
Pupil-teacher ratio required?	No	No
Penalties for non-compliance with laws?	No	No

\*The *Women, Business and the Law* data are based on domestic laws and regulations that apply to the main business city of the economy. For more information on the methodology including the maternity/paternity/parental leave calculation methodology, visit [wbl.worldbank.org](http://wbl.worldbank.org)

# Mindtree

## Information Technology, **INDIA**

### **PARENTS, WORK, AND CHILDCARE IN INDIA**

During the last two decades, the Indian economy has experienced strong growth with rising wages and educational attainment by women as well as men. In 2012–2013, women comprised almost 46 percent of all undergraduate students (Catalyst, 2015), up from 38 percent in 2000–2001 (Nath, 2014). Yet, women are much less likely than men to be in the labor force, and, unlike in many other countries, economic growth and educational expansion in India is coinciding with a decline in women's labor force participation—from 34 percent in 2000 to 27 percent in 2013 (World Bank Group, 2016). Gendered cultural norms and expectations continue to exert pressures on women to stop work outside the home when they become mothers.

India has an extensive framework of labor regulations that apply primarily to the small proportion of workers in the formal sector (waged and salaried employees make up 12 percent of female and 16 percent of male workers; ILO, 2016). Since March 2017, this includes a mandate for companies with at least 50 employees to provide 26 weeks of paid maternity leave, offer a crèche at or near the work site, and give mothers the opportunity to visit their child four times a day until the child is 15 months old (NASSCOM and Mercer, 2017). The Maternity Benefit (Amendment) Act of 2017 unified and expanded prior sector-specific provisions related to maternity leave and workplace childcare and introduced a home-based work option for a period following maternity leave. The law applies to mothers only; there is no right to paternity leave, or for mothers to transfer some of their leave entitlements to fathers.

Yet, whereas some sector-specific childcare mandates have been in place for many years, there is a dearth of quality childcare. The absence of quality childcare increases pressures on mothers to leave paid employment (Ray, 2016; Hamsa, 2010). For India's economy and businesses, women's low labor force participation results in a large loss of human capital. A study by the McKinsey Global Institute estimates that India's GDP could increase by 60 percent, adding \$2.9 trillion to GDP by 2025 if India could breach the gender gap in employment (Woetzel et al., 2015).

#### Mindtree's **Employee Profile** in 2016:

- 28% of Mindtree's permanent workforce are women

#### Mindtree **supports employees with children** through:

- Workplace crèche
- Reserved places in external childcare centers and free childcare for night shift workers
- Paid maternity and paternity leave
- "MiLady App" enables expecting and new mothers to stay connected, relevant, and inspired
- Designated room for lactation
- Work-from-home options
- Baby's Day Out in the campus, which allows parents to work while keeping a watch on their kids

#### Main business **impacts of offering childcare support**:

- Award-winning employer in a tight labor market
- High retention of new mothers, and of parents more generally
- Key building block for Mindtree's diversity and inclusion goals



MINDTREE EMPLOYEE AND MOTHER.

PHOTO: COURTESY OF MINDTREE

This case study discusses how Mindtree Ltd., a global information technology (IT) consulting company headquartered in Bangalore, is going above and beyond regulations to support the childcare needs of its employees through subsidized workplace childcare and bring-your-child-to-work options for female and male employees, extended parental leave, supports for women during pregnancy and new parenthood, and work-at-home options. Mindtree Ltd. is benefiting by being an award-winning employer in a highly competitive labor market, with high return rates of new mothers and high retention rates of parents. Childcare supports are an important building block for achieving Mindtree Ltd.'s diversity and inclusion goals.<sup>1</sup>

In 2016–2017, Mindtree had global revenues of \$779.8 million and employed close to 16,470 people across India and the Asia Pacific, Europe, and North America regions. Approximately 10,000 of Mindtree's employees are based in Bangalore; a further 3,500 work in other Indian locations such as Chennai, Hyderabad, and Pune. Founded in 1999 by 10 software engineers, it was one of the first Indian IT companies to be backed by private venture capital (Ghosh, 2014). The company

has grown rapidly, reaching revenues of \$100 million in its first six years, and has been publicly listed since 2006. Mindtree is one of the top seven IT and Business Process Outsourcing companies in India. In 2016, Mindtree was recognized as one of the top 10 companies for women to work for in India (*Working Mother Magazine*, 2016).

## MINDTREE'S BUSINESS CONTEXT FOR SUPPORTING CHILDCARE

Mindtree Ltd. operates in a dynamic and highly competitive labor market. The IT sourcing industry in India has grown rapidly in the last two decades, and more than half of global IT sourcing services are provided by Indian companies. Mindtree is pursuing an active growth strategy and plans to add 1,000 employees annually in the coming years. Women are about a third of the workforce in the IT sector, more than half of all recent entry-level hires (NASSCOM, 2016a), and 40 percent of undergraduates enrolled in IT and computer studies in India (Catalyst, 2015).

A recent study estimates that closing the gender gap in female leadership in the IT sector would add between \$430 and \$530 billion to global output (Thomas et al., 2016). The Mindtree leadership team is well aware of the business benefits of gender diversity in IT, and gender diversity is a strategic goal for the company. Mindtree is also working to ensure that women are present at all levels of the company's hierarchy.

In 2016, women were 28 percent of Mindtree's workforce, and

**"We have been educated, we have dreams and goals and want to pursue our careers. When we marry, often the discussion is 'work or not work'—we can do both!"**

**Mindtree employee and mother**

**“If we want gender diversity, we have to offer childcare. If women are forced to choose between work and childcare, they will choose their kids.”**

**Jagannathan Chakravarthi,  
Chief Financial Officer**

Mindtree has set a goal of increasing its gender diversity profile, focusing on mid and senior management roles. Although the Indian IT sector is doing as well as IT companies in the United States in employing women (the average gender ratio for large U.S.-based IT companies is 29 percent; Ricker, 2015), women in Indian IT companies hold just 7 percent of executive positions, compared to 18 percent in large IT companies in the United States (Ricker, 2015; Thomas et al., 2015). Mindtree is working to address the challenge of retaining and recruiting women into mid and higher career levels.

Childcare is an important component of Mindtree's recruitment and retention program. Until the passage of the Maternity Benefits Amendment Act of 2017, providing childcare support was voluntary because existing laws did not cover IT companies. The 2017 Act requires all private employers with 50 or more workers, including in the IT sector, to provide childcare at or near the workplace. This is likely to increase competition for childcare facilities and corporate childcare providers, while at the same time making childcare more commonplace in the sector, and less of a recruitment and hiring advantage for companies offering facilities.

Mindtree Ltd., and the Indian IT industry in general, has a young workforce, with an average age range of 25 to 27 years (NASSCOM and PwC, 2016). Almost one in five Mindtree employees have children younger than three years old. For female employees, the pressure to leave work when they

become mothers is high. These pressures reflect both the lack of quality childcare as an alternative and cultural expectations that it is best for young children to be cared for at home by their mothers. Although some new mothers can draw on extended family to provide childcare, the majority of Mindtree employees (six in 10) are internal migrants who moved from their birthplace to work for Mindtree, and may not have family close by. There is a rapidly growing market for preschool education, but the sector lacks statutory standards or oversight, and provision is particularly limited for infants and toddlers (Ohara, 2013; Bright Horizons, 2012; Hamsa, 2010).

## **HOW MINDTREE SUPPORTS EMPLOYEES WITH CHILDCARE NEEDS**

To encourage and enable parents to stay employed, Mindtree offers an extensive set of child-related benefits, including subsidized workplace childcare; a “Baby's Day Out” facility to allow parents to bring their children to work in emergency situations; enhanced maternity leave; paternity leave; a program to help women navigate pregnancy, maternity leave, and their return to work; and flexible work options for returning mothers. As Mindtree's Chief Financial Officer (CFO) Jagannathan Chakravarthi explained, “If we want gender diversity, we have to offer childcare: if women are forced to choose between work and childcare, they will choose their kids.”

### **Workplace childcare: Little Critters**

Mindtree employees benefit from subsidized childcare at or near their place of work. Female and male employees (as well as contract employees) working at Mindtree's Bangalore headquarters can have their children cared for at Little Critters, a custom-built childcare center that caters to children from age 6 months to 8 years and offers full-time daycare for preschool children and aftercare for older children. The center is open from 8 a.m. to 8 p.m. on weekdays, and its vacation and holiday policies follow Mindtree's schedule. It is open on the days when Mindtree is open.

**“If I did not have Little Critters, I would give up work. My parents are working; they cannot help. And I cannot find a babysitter/nanny who I would trust to be alone with my child at home.”**

**Mindtree employee, mother, and user of Little Critters**

The center opened in 2009 after an extensive benchmarking and consultation process on its design. Rosalee Kombial, Associate VP People Function, explained that it would have been possible, in principle, to cover childcare needs by contracting with one of the corporate childcare providers since there are high-quality facilities in the business park where Mindtree's HQ is located. Building its own center gave Mindtree more control over the process and allowed the crèche to be a signature piece for Mindtree's philosophy and corporate approach. The objective was to build a center that reflects

best-in-class insights on child-centered design and child development. As Head of Diversity and Sustainability Chitra Byregowda explained, “Parents are going to leave their children here for eight hours a day; the center has to be special.”

The center (see Figure 1) provides 35 square feet per child and includes an outside play area. The children-to-adult ratio varies by age. There are three categories of staff: helpers who change diapers and otherwise assist; caregivers who play with and feed the children; and two early childhood teachers. A pediatric nurse is also on staff. Currently, the center is at full capacity with 89 children enrolled full and part time, cared for by 36 staff. The center also keeps some capacity to allow parents to bring in their children in emergencies, for up to 10 children per day. Little Critters is used by approximately a third of potentially eligible employees.

Twenty parents are currently on a waiting list, and Mindtree is considering how it can best expand the childcare offer—whether to build an extension to the center or provide additional capacity in another manner. Places in the center are allocated on a strict first-come, first-served basis.

Younger children are dropped off and picked up by their parents with reserved parking nearby to make this safe;

**Figure 1. Ground floor layout of Mindtree's Little Critters childcare center**



IMAGE: COURTESY OF MINDTREE



**“My wife works full-time, too, but her workplace does not offer childcare. My daughter is very happy at Little Critters. It definitely is a factor for wanting to stay at Mindtree.”**

**Mindtree employee, father, and user of Little Critters**

children attending on an aftercare basis are transported to the center by transportation arranged through their schools. The center does not provide food; parents prefer to bring in precooked meals for their children, a reflection of considerable diversity in dietary requirements and traditions. Parents can visit the children during the day (hours are prescribed to ensure that sleeping time is not disrupted), an option that is highly appreciated by parents.

The management of the center is contracted out to Your Kids Are Our Kids (YKROK), a for-profit corporate childcare provider that is 50 percent female owned. YKROK was awarded the contract in 2015. Although the contract for running the center is newly awarded every three years, all the staff have been with the center since it opened. This continuity is very important to the parents who look for a cozy and family-like environment. The contract includes strict quality standards and all crèche staff are trained accordingly. As part of the contract, YKROK provides off- and on-the-job training to staff. There are no official standards for early childhood education staff in India. YKROK, which has been in business for 15 years, is training staff using its own curriculum.

Parents appreciate that the center only caters to Mindtree employees. Having colleagues who also use the crèche means that, in an emergency, someone else may be able to pick

up a child. The fact that the crèche is owned and overseen by Mindtree is also seen as an advantage because senior managers are seen as stakeholders in the quality of care, unlike having one's child in a completely independent, for-profit childcare center.

Fees vary according to the child's age, with the monthly fee for a two- to three-year-old attending full time in 2016 was 7,000 Indian rupees (\$109). The fees are set to cover staffing and management costs as charged by the contractor. The fees are substantially lower than the rate charged in other centers because Mindtree provides the premises and covers the cost of cleaning, electricity, waste management, and maintenance. This translates into an approximate monthly subsidy of 4,000 Indian rupees (\$63) per child, and a total fee of 11,000 Indian rupees (\$172), when compared with similar services elsewhere, according to YKROK. Although Little Critters offers high levels of care and great facilities, there are centers elsewhere with a greater emphasis on early childhood education and with more sophisticated facilities (such as, video streaming that makes it possible for parents to watch their children remotely) charging fees that are 25 to 40 percent higher than Little Critters' fees. The center was designed to stay affordable while meeting parents' most important objective: for their children to be cared for as lovingly and safely as if they were cared for at home.

**“Trust is important. The women workers at Little Critters have been trained. It is a very friendly atmosphere.”**

**Mindtree employee, mother, and user of Little Critters**



PHOTO: COURTESY OF MINDTREE

THE LITTLE CRITTERS CHILDCARE CENTER AT MINDTREE.

### Other childcare supports

None of Mindtree's other Indian locations are large enough to make a dedicated Mindtree childcare facility feasible. Instead, Mindtree is contracting with service providers who operate childcare centers in Chennai, Hyderabad, and Pune (Mindtree's other major locations) to reserve a set number of places for parents working for Mindtree, charged at a subsidized fee basis similar to Little Critters. Mindtree is keenly aware of the excess demand for good workplace childcare. As part of its mission to ensure that its employees can rely on quality care for their children, Mindtree reaches out to developers and is active in India's Infrastructure and Commercial Realtor's Association to persuade them to dedicate more space to childcare centers when new office buildings are constructed. Yet, since this is not their core competency, convincing developers to do so can often be an uphill battle.

### Childcare for nightshift workers

Although parents who use Little Critters are expected to pay a fee, mothers who need to pay for childcare services while they work the night shift are fully reimbursed for the costs. Mindtree offers reimbursement for the fees of using a night crèche or a babysitter/nanny to provide childcare at home.

### Support for breastfeeding mothers

Under Indian law, nursing mothers are entitled to two breaks for breastfeeding per day until the child is 15 months old. Mothers of infants in Little Critters can visit their babies throughout the day. The infant area in Little Critters has a private room where mothers can breastfeed their children. This option, however, is not used much; mothers typically no longer breastfeed their infants during the day once they return to work.

### Baby's Day Out/bring-your-child-to work facility

From its inception, Mindtree has been keen to create a welcoming environment for its employees, an environment that acknowledges that many employees are also parents and allows employees to bring their children to work when childcare arrangements fall through. When Mindtree moved into its new headquarter building in 2007, the arrangement was formalized with a "Baby's Day Out" facility: a spacious room with a play area, toys, and sleeping mats for children, and computers and work stations for their parents. Although parents are responsible for supervising their children, a helper is available to provide some back-up care. "It is very common for people to bring their kids to work in emergencies—during

#### Maternity and Paternity Return Rates at Mindtree (2013–2014 and 2015–2016)

873 **women went on maternity leave**

758 **(87%) women returned from maternity leave and were still employed a year later**

2,301 **men went on paternity leave**

2,141 **(93%) men returned from paternity leave and were still employed a year later**

school holidays in particular it is buzzing with children here. It creates a feel-good factor,” explained Rosalee Kombial, Associate VP People Function.

### **Maternity and paternity leave**

Mindtree supports its employees throughout the process of becoming parents. The company offers six months paid maternity leave to both biological and adoptive mothers,<sup>2</sup> as well as the option of an additional six months of unpaid special needs leave. In line with Indian law, there is also three-month surrogacy leave. There is no statutory entitlement to paternity leave, but at Mindtree fathers receive five days of paid paternity leave.

To help female employees navigate through their pregnancy and stay connected with Mindtree during their maternity period and to make their return to work as smooth as possible, Mindtree developed the MiLady App. The app pulls together many resources, including pregnancy, health, and nutritional advice, information about policies and benefits, reminders about key dates and notification requirements, organizational updates, and access to e-learning modules that helps women stay up-to-date with new developments while they are on maternity leave. Mindtree developed MiLady with minimal costs, using a summer intern to research the type of information to include in the app, and drawing on Mindtree’s internal software development capacity to turn the research into a usable tool. The resources can be accessed directly from one’s cell phone and do not require a laptop. Through the app, employees can also access confidential counselling services (to help, for example, find a way to deal with parents or in-laws skeptical of the planned return to work) or help finding a “buddy,” another parent who has volunteered to provide tips on how to successfully navigate being a working parent.

In recognition of the large influence of family on decisions regarding work and motherhood, Mindtree also makes an effort to include key persons in the employee’s life, such as the

**Baby’s Day Out: “It is very common for parents to bring their kids to work in emergencies. During school holidays, in particular, it is buzzing with children here. It creates a feel-good factor.”**

**Rosalee Kombial, Associate VP  
People Function**

spouse, parents, or in-laws, in preparations for the employee’s maternity leave and return. Returning from maternity leave can be stressful, and not only because of the need to adjust to the new role of working mother. In a fast-paced, project-based environment with frequently changing teams, being out of the office for an extended period often translates into being out-of-mind of supervisors, according to Head of Diversity Chitra Byregowda. For returning mothers, that can mean coming back without a clear work assignment or work station. Through the MiLady App, the new mother’s line manager will get advance notice of the date of her return, to ensure that the new mother is immediately integrated into a team. The e-learning modules give women an opportunity to stay up-to-date with rapidly changing software, and make sure her line manager is also aware that her skills are up-to-date.

Given higher attrition rates in the past, Mindtree also has an active recruitment “Home Coming” program of reaching out to past employees. In 2015–2016, more than 70 ex-Mindtree employees rejoined the company (Mindtree, 2016).



MINDTREE'S LITTLE CRITTERS CENTER.

PHOTO: COURTESY OF MINDTREE

Mindtree employees also get 20 days paid vacation leave, as well as paid time off on public holidays. Employees further receive 30 days of paid leave for their own illness. In special situations, such as family or child emergencies, Mindtree employees can apply for up to 180 days of unpaid Special Needs Leave.

### Women in management

Mindtree has made major progress in encouraging women to stay at the company following the birth of their children; however, challenges remain to increase the number of women in middle and senior management. In 2015–2016, women made up 31 percent of associates, but just 13 percent of middle managers, 7 percent of senior management, and 12 percent of top management (Mindtree, 2016). As part of its efforts to improve gender diversity throughout the company, Mindtree has developed “Exuberance,” a training and mentoring program for 100 women identified to have the highest potential to advance. Part of the program’s objective is to convince women that it is indeed possible to successfully fulfill a leadership position and be a good mother.

### Leave and flexible working arrangements

Mindtree supports returning mothers with a number of policies. Mindtree employees can work from home for up to six days per month without requiring special permission from their supervisors. If there is a care crisis, it is possible to work from home for up to 30 days. The work-from-home policy has resulted in a 20 to 25 percent reduction in absenteeism. Employees can also formally reduce their working time and work half-day/half-work week.

Although Mindtree is moving toward increasing the options for home-based work more generally for its employees, working at home is not yet common. This partly reflects the type of work that is done at Mindtree. Face-to-face interaction is an important factor for the performance and dynamism of software design teams. In other teams, the confidential nature of data handled by Mindtree limits options for off-site work. Mindtree is working to increase the flexibility it can offer its employees, including by investing in a greater number of secure laptops.

### COSTS OF PROVIDING CHILDCARE

The construction of the Little Critters daycare center cost 1.74 crore Indian rupees (\$265,000). Because it was built on land that was already part of Mindtree’s headquarter park, the company did not need to purchase land separately. Mindtree did not receive any tax benefits or government subsidies for building the crèche. The company funded the construction costs from a special contingency fund set up for projects that have a longer time horizon and do not neatly fit the standard manner of evaluating new investments. Although Mindtree has not conducted a detailed cost benefit analysis of the investment in the crèche, the CFO expects the investment in the crèche to be amortized in five to seven years.

Mindtree’s operating costs for the center are limited. It charges the maintenance and facility costs through its general maintenance and cleaning contracts, and subcontracts the center’s administration and day-to-day management to YKROK. Under the contract, YKROK must facilitate a parent governance committee, and, although Mindtree inspects the

center on a monthly basis, families provide oversight on a day-to-day basis and meet quarterly to address any concerns. Mindtree's major time investment in running the crèche comes every three years when it reissues the three-year contract, a practice that prevents the company from becoming overly dependent on just one corporate provider. In Mindtree's view, the practice additionally helps to develop the commercial childcare market and can also be a channel for supporting women-owned businesses (as in the case of YKROK). It also provides an opportunity to benchmark the childcare that is offered. In preparing to issue a new request for proposal (RFP), Mindtree visits and reviews a range of childcare centers.

Mindtree has not taken out any special insurance to cover the crèche, and parents are not asked to sign a limited liability statement. Associate VP People Function Rosalee Kombial believes that while it is of course never possible to avoid all risks, following standard due diligence procedures keeps risks to a minimum. Procedures include having medical staff on-site, regular fire and evacuation exercises, and ensuring that staff are trained in emergency procedures as they apply to babies and children.

## **BUSINESS IMPACT OF MINDTREE'S CHILDCARE BENEFITS**

Mindtree's childcare and related benefits contribute to Mindtree's strategic objectives of growth, innovation, and gender diversity. Providing childcare benefits helps Mindtree recruit and retain employees in a tight labor market, and to improve productivity by reducing absenteeism and allowing

**"My daughter is very happy at Little Critters. It makes for family bonding. I would see much less of her if the childcare center was not there."**

**Mindtree employee, father, user of Little Critters, and focus group participant**

**"There are always risks, but you have to do something. We follow our usual due diligence procedures with Little Critters, and we involve the stakeholders, the parents. They can all see the steps that we take to ensure safety. It is an informed risk."**

**Rosalee Kombial, Associate VP People Function**

employees to fully focus on their jobs. Moreover, the childcare benefits contribute to Mindtree's objective of being a diverse and inclusive company. To grow and sustain its current success, Mindtree must hire and retain women. As Head of Diversity & Sustainability Chitra Byregowda pointed out, "If you do not tap the potential talent in the market, you will miss diverse talent in the company. Greater diversity brings business benefits through innovation, and it is also an advantage to us when we talk to our global customers."

## **Recruitment**

During the last three years, the proportion of women among new Mindtree recruits in India has steadily increased, from 26 percent in 2013–2014 to 31 percent in 2015–2016 (Mindtree, 2016). This is the result of several focused initiatives, not solely linked to childcare. Yet childcare is an essential component of the company's strategy to recruit women. Mindtree is competing with other companies for these well-educated young women, and childcare supports are no longer an extra but a basic benefit expected by potential recruits. As Associate VP Human Resources Anish Philip explained, "Any woman considering joining Mindtree will ask, 'Do you have a childcare center?' Offering childcare is a basic requirement [in the talent pool in which we compete]."



## Retention

The IT industry in India is highly dynamic and voluntary staff turnover rates are considerable, including at Mindtree. As a result of Mindtree's efforts, the voluntary attrition rate at the company is declining, from 18 percent in 2014–2015 to 16 percent in 2015–2016 (Mindtree, 2016). Replacing an employee is costly. Although there are no IT industry-specific estimates for India, the costs of replacing a professional employee are typically estimated at a minimum of nine months' salary (including the costs of the recruitment process, the time it takes the new employee to be fully productive, and the time spent by colleagues, supervisors, and managers during the recruitment and familiarization process).

Many companies in India lose female employees to motherhood. As a result of Little Critters and Mindtree's other support systems for working mothers, this is not the case for Mindtree. Almost all women who go on maternity leave at Mindtree return to work, and 90 percent of new mothers and 91 percent of new fathers still work at Mindtree one year following their return from maternity/paternity leave, a substantial improvement from two years' earlier, when the same measure yielded a rate of return of "only" 82 percent for new mothers and 87 percent for fathers (Mindtree, 2016). At 10 percent, this attrition rate for recent mothers and fathers, is far less than the attrition rate for all workers. Most mothers with children at Little Critters attest to the center's crucial role in their decision to stay at Mindtree.

**"Any woman considering joining Mindtree will ask: Do you have a childcare center? Offering childcare is a basic requirement [in the talent pool in which we compete]."**

**Anish Philip, Associate VP Human Resources**

**"One of my team members did not have good childcare—you could see how flustered she was. Now, with a place at Little Critters, she is much more focused."**

**Jagannathan Chakravarthi, CFO**

## Productivity

For CFO Chakravarthi, the biggest impact of Little Critters is not retention but productivity. Although Mindtree does not measure employees' individual productivity (in a highly team-based organization, this is not seen as feasible or desirable), knowing that their children are well cared for means that mothers at Mindtree can fully focus on their jobs. Little Critters also potentially improves the productivity of parents who are not general users of the center but who can bring their children to Little Critters in emergency situations. Parents also benefit from the support provided by colleagues who are also users of Little Critters. Knowing that others they trust are close by, and may be able to pick up their child in an emergency, allows working parents to focus on work rather than worry about childcare. Lastly, having colleagues who are fully focused on their work rather than worried about their children also helps general team cohesion and performance, including for those in the team who do not have children.

## Diversity

Mindtree's 2016 Sustainability report states, "Being inclusive since inception, we stay committed to our diversity vision. Gender diversity, especially at mid-rung, is of high significance to us" (Mindtree, 2016). Although from the outset, Mindtree acknowledged that many of its employees are also parents, Little Critters and the policy of facilitating workplace childcare for employees outside of Bangalore is an essential building block in recruiting and developing female talent at Mindtree.

**LESSONS LEARNED**

As Mindtree has grown, its policies to support childcare have also evolved. The company started by encouraging parents to bring their children to work in emergencies. When it built the new headquarters, Mindtree took the opportunity to include a dedicated Baby's Day Out facility. As the company grew, it contracted with private childcare facilities to reserve spaces for its staff's children. When numerous parents reported concerns with the quality of care available, Mindtree built its own workplace childcare center. Although Little Critters reduced maternity-related staff attrition, it did not eliminate it, and thus Mindtree developed complementary policies, such as the MiLady App, to overcome additional obstacles to women's return to work. In evolving its policies, Mindtree has benchmarked itself against the best in its field but has tailored its approaches to fit in with its overall philosophy and approach.

Although Little Critters is open to all employees, Mindtree's policies for working parents focus more on women than men. This includes remote working options and parental leave policies and reflects Mindtree's specific goal of increasing gender diversity. By offering the use of Little Critters to both male and female employees and by providing at least some paid leave for new fathers, Mindtree is steering against the broader legal, social, and cultural neglect in India of fathers' work-family concerns. Mindtree's data shows that fathers, like mothers, have lower attrition rates than other workers, and suggests

**"When there are women in the teams, when the teams are diverse, a lot of new things happen. Having more women on our teams also helps us when we talk to customers."**

**Chitra Byregowda, Head of Diversity and Sustainability**

**"Mindtree is known as a good employer but we do not just want to be 'nice': we also get results by employing career-focused young women."**

**Pankaj Khanna, Head of Revenue Assurance**

that more proactively including fathers in its childcare-related policies may pay off economically.

Mindtree's workplace childcare center is currently at full capacity and the company is facing the challenge of expanding childcare facilities. The issue in the childcare market is less one of overall supply than of quality and standards that are acceptable to Mindtree employees. Thus, Mindtree is working to expand childcare provision in the locations where it is active, by, for example, actively reaching out to real estate developers to encourage dedicated space for childcare centers. Given the new legislation that introduces a statutory requirement to provide workplace childcare, these efforts are becoming ever more relevant.

Mindtree's childcare policy has high pay-offs in terms of the talent it attracts and retains. The company has found a cost-effective way of providing such support in a manner that reflects Mindtree's values and supports its goal of being a truly diverse company.

## Endnotes

- 1 Interviews for this case study were conducted in person in Bangalore in November 2016 with a cross-section of Mindtree staff, including the Associate VP Compensation and Benefits, the Associate VP Human Resources, the Global Head of Quality, the Chief Financial Officer, the Head of Diversity & Sustainability, the Director of the childcare center, and two focus groups of parents working for Mindtree. An interview was also conducted with a co-director of YKROK, the company managing Mindtree's Little Critters childcare facility.
- 2 Until the recently passed Maternity Benefit (Amendment) Act of 2017, this was three months more than the statutory requirement.

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PHOTO: COURTESY OF MINDTREE

## Brazil



**Economy name:**  
Brazil

**Main business city:**  
São Paulo\*

**Region:**  
Latin America and  
Caribbean

**Income level:**  
Upper middle  
income

**Population:**  
202,033,670

**Female Population:**  
102,721,419

**Labor force  
participation (15+):**  
56% female  
78% male

**Compulsory  
primary education  
enrollment age:**  
6 years  
(universal free  
preschool education  
from age four).



## Leave policies

Paid maternity leave	Yes	120 days
Paid paternity leave	Yes	5 days
Paid parental leave	No	0



## Legal obligation for employers to support childcare

	0-2 years	3-5 years
Obligation for employers to support childcare?	Yes	No
Based on the number of female employees?	30 women above the age of 16	No
Based on the number of employees regardless of gender?	No	No
Special legislation on employer-provided childcare?	No	No



## Government incentives to employers to support childcare

Tax benefits to employers to support childcare?	No	No
Non-tax benefits to employers to support childcare? (monetary and/or nonmonetary benefits)	No	No



## Quality of private childcare services

License or registration required?	Yes	Yes
Zoning requirements?	Yes	Yes
Pupil-teacher ratio required?	Yes	Yes
Penalties for non-compliance with laws?	Yes	Yes

\*The *Women, Business and the Law* data are based on domestic laws and regulations that apply to the main business city of the economy. For more information on the methodology including the maternity/paternity/parental leave calculation methodology, visit [wbl.worldbank.org](http://wbl.worldbank.org)



# Pandurata Alimentos Ltda. (Bauducco)

Food Manufacturing, **BRAZIL**



## PARENTS, WORK, AND CHILDCARE IN BRAZIL

At more than 44 percent of the Brazilian labor force (World Bank, 2017), women make an essential contribution to Brazil's economy. Two-thirds of mothers with two- and three-year-old children and more than 70 percent of women with children ages four years and older are employed (Bruschini, 2007). New mothers are more likely to temporarily break employment, but still 50 percent of mothers of infants and toddlers are in the workforce (Bruschini, 2007).

During the last two decades, women have made major advances in educational attainment and are more likely than men to have completed both secondary and tertiary education (World Bank, 2017). Although not the majority, women make up a significant share of graduates in STEM fields (39 percent in 2005) and engineering and related fields (29.5 percent in 2005) (Bruschini, 2007).

Brazil has a comparatively well-developed infrastructure for working families. From 2003 to 2016, the government of Brazil introduced several initiatives to promote greater gender equity in employment. Employed women in Brazil receive 120 days fully paid maternity leave. Following maternity leave, returning mothers are entitled to two daily 30-minute breaks for breastfeeding until the child is six months old (which mothers sometimes combine into additional weeks of paid leave). During this breastfeeding period, companies who employ at least 30 women must also provide a safe, supervised space where mothers can leave their babies while they work. If such a space is not available, companies have to pay the costs of infant care (Sorj, 2016). Brazil is one of the few countries in the world with compulsory public education starting at age four, and, since 2009, all four-year-olds have been entitled to free preschool education. Early care and education for younger children is less developed; although the enrollment of children under age three doubled between 2000 and 2010, in 2010 it had only reached 19 percent (compared with 80 percent enrollment of four to five-year-olds) (Yamaguchi, 2013).

Yet, although women's rates of employment and education have been rising, women continue to be less likely than men to be in the labor force, and on average work fewer hours than men when they are employed (Agenor and

Pandurata Alimentos Ltda. (Bauducco)  
**Employee Profile, 2016:**

- 50% of the permanent São Paulo workforce are women
- 5% of employees have children younger than three years old
- 6% received school starter packages in the last three years

Pandurata Alimentos Ltda. (Bauducco)  
**supports employees with children** through:

- Reserved spaces in nearby childcare center
- Referrals and negotiated lower prices at local private childcare providers
- Monthly health advice for pregnant women, mothers, and babies
- Starter package for new parents
- Gift basket for child's first day of school
- 24-hour nurse/doctor on-site

Main **business impacts** of providing childcare supports:

- Boost to corporate reputation
- Increased productivity through reduced absenteeism, better focus, and improved commitment and motivation



PHOTO: COURTESY OF BAUDUCCO

THE AMOR Y PAZ PRESCHOOL AND DAYCARE CENTER HAS PROVIDED CHILDCARE FOR PANDURATA ALIMENTOS LTDA. (BAUDUCCO) EMPLOYEES SINCE 1989.

Canuto, 2013). Women perform the large majority of unpaid house and care work. In Brazil's 2014 time use survey, slightly under half of men reported that they do not do any housework, compared to just 14 percent of women (Cobo, 2014). A 2007 study found that among those who did spend time on housework, childcare, or other care activities, women on average spent 27 hours per week compared to 12 hours for men, with greater differences for married couples (Bruschini, 2007).

Gender stereotypes and women's greater responsibility for childcare and unpaid family work can create obstacles for women's full equality and participation at work. Such obstacles can be costly for both women and employers. This case study discusses how Pandurata Alimentos Ltda. (Bauducco), an industrial baking goods company, supports the childcare needs of its employees at its factory and administrative sites in São Paulo by providing free spaces in a local childcare and preschool center. The company's main business benefits from its childcare investments are enhanced corporate reputation, increased productivity from reduced absenteeism and greater worker focus, and greater loyalty and commitment from its workforce.<sup>1</sup>

## COMPANY BACKGROUND

Pandurata Alimentos Ltda. (Bauducco)<sup>2</sup> is one of Brazil's leading producers and distributors of cakes and other baked goods. It is the world's largest producer of panettone (Christmas cake) and the largest producer of toasts and wafers in the Americas. The company was founded in 1953 and continues to be family-run and owned. In addition to its São Paulo headquarters, Pandurata Alimentos Ltda. (Bauducco) has production sites in five locations in Brazil, as well as in Argentina and the United States. Its products are exported to 50 countries worldwide. In 2015, Pandurata Alimentos Ltda. (Bauducco) employed 5,400 permanent staff and 730 seasonal workers (IFC, 2016). This case study was conducted at the company's São Paulo factory, where slightly more than 20 percent of the company's workforce are employed. Just under half (47 percent) of its overall workforce and 50 percent of its São Paulo workforce are women.

## BUSINESS CONTEXT FOR SUPPORTING CHILDCARE

Pandurata Alimentos Ltda. (Bauducco) employs a high number of women: 70 percent of production workers and half of its total workforce are women. Many workers at Pandurata Alimentos Ltda. (Bauducco) are parents. During the last three years, 43 women and 17 men went on maternity or paternity leave, and 71 children of employees turned six years old and started elementary school. Few parents, men or women, have a spouse who is not working and may provide childcare.

The company's São Paulo facilities are located in an area that was previously characterized as being industrial, but where today only a limited number of factories remain. Rapidly rising rents in the area mean that most workers commute to work and some travel considerable distances. The factory operates on a 24/7 basis in three shifts of 8 ¼ hours, commencing at 6 a.m., 2 p.m., and 8 p.m. Shift work, together with long commutes, means that hours of work and hours of public childcare centers often do not match. For many parents,

**Maternity and Paternity Leave at Pandurata Alimentos Ltda. (Bauducco) (2013–2016)****43** women took maternity leave**95%** returned from maternity leave and were still employed 12 months later**17** men took paternity leave

finding childcare that is affordable, reliable, and of a quality level parents find acceptable, can be a struggle. Even though preschool education is freely available, parents are not always happy with the quality provided in the public sector. At the extreme, this may mean that a parent feels that he or she must give up employment at Pandurata Alimentos Ltda. (Bauducco); more commonly, a lack of childcare can lead to less regular attendance (higher absenteeism) and lack of focus on the job (lower productivity).

The majority of the company's women workers are employed in lower-skilled positions. However, this is changing as an increasing number of women at Pandurata Alimentos Ltda. (Bauducco) seek education and advancement opportunities, including in technical and mechanical positions. Pandurata Alimentos Ltda. (Bauducco) is keen to encourage and enable more women to step up into supervisory and management positions and pursue more skilled careers at the company. This is a reflection of the leadership's awareness of the potential business benefits of greater diversity and in response to an increased emphasis on gender equality in Brazil's regulatory environment over the last decade.

**HOW PANDURATA ALIMENTOS LTDA. (BAUDUCCO) SUPPORTS EMPLOYEES WITH CHILDCARE NEEDS**

Being supportive of employees with children is an important corporate value for Pandurata Alimentos Ltda. (Bauducco), a family-owned company that has provided childcare support for more than 30 years. Pandurata Alimentos Ltda. (Bauducco) supports its employees with children with a number of programs, including free spaces in a local childcare center, help with negotiating reduced rates in other childcare centers and schools, health advice and support during pregnancy, and “starter packets” for new parents and for parents of children entering primary school.

**Free childcare at Amor y Paz childcare and preschool center**

Introduced more than 30 years ago, the company's childcare support has traditionally targeted women. The cornerstone of the company's support for women workers with children is the “Amor y Paz” (“Peace and Love”) childcare and preschool center. Pandurata Alimentos Ltda. (Bauducco) fully funds

**Women in Leadership Positions at Pandurata Alimentos Ltda. (Bauducco)****9%** directors**20%** managers**24%** supervisors**70%** factory workers

childcare spaces for children up to age six at the Amor y Paz nonprofit center, which is only a 15 minutes' walk from its São Paulo factory. The center provides infant and early care and is accredited to provide preschool education for four- and five-year-olds. Any permanently employed mother with a child/children in the age group can apply for a space. Men and seasonal workers are not explicitly included in the benefit although men can also apply for support (especially in the case of severe need, such as for a single father in need of childcare).

In September 2016, 12 children of employees were enrolled in the center, which has a capacity of 100. This represents 28 percent of the women and children who in principle are eligible to use the benefit. The highest level of enrollment at any point in time was 20 children of employees. To date, parents have always been able to get a space for their children if they request one. Several women interviewed had placed more than one of their children in the crèche over the years. Not all new mothers use the crèche, or use it straight away.

**“My daughter loves the school. She wakes me up at 3 a.m. to ask whether it is time yet to leave for the school.”**

**Female assembly line operator, mother**

One mother reported that her mother-in-law cared for her daughter until she was two, and, in view of her parents, old enough to be in center care. Another mother started work at Pandurata Alimentos Ltda. (Bauducco) in 1993 when she was recently widowed and her fourth child was just a few months old; however, not having a car, and living far away, it was not practical for her to get her children to the crèche in the morning. She is very pleased to be able to use the crèche for her youngest, now two years old.

### Extended operating hours

The center's official hours are 7 a.m. to 6 p.m.; however, Pandurata Alimentos Ltda. (Bauducco) employees can drop off their children from 5:15 a.m. onward to be at work at the start of the 6 a.m. shift. All children are enrolled full time. In the past, the center also took children on a part-time basis and parents could book in school-aged children for aftercare (at their own expense). However, since 2009, when preschool education for four and five-year-olds became compulsory and the center was certified as an official preschool, this is no longer permitted according to the Ministry of Education. The full-time requirement also means that parents working the afternoon shift cannot drop their children off at midday; having children arrive halfway through the day is also seen as potentially disruptive to the other children's structured feeding and sleeping patterns. This practice makes it difficult for parents working on other shifts to use the childcare benefit.



PHOTO: COURTESY OF BAUDUCCO

CHILDCARE SUPPORT PROVIDED BY PANDURATA ALIMENTOS LTDA. (BAUDUCCO).

Typically, employees are allocated to a shift when they start at Pandurata Alimentos Ltda. (Bauducco); changing shifts is neither easy nor common.

Childcare workers and teachers in the preschool are fully accredited in compliance with preschool regulations and the preschool follows the official curriculum. Parents using the childcare facility commented on the high quality of care and education provided, noting both the love and care with which children are cared for, and the quality of preschool education they receive. Parents also commented on the benefits of having their children in a center also used by their colleagues. When a child is sick and needs to be picked up, or when a worker is sick, or delayed, and the child needs to be taken to school or be picked up, another parent may step in. Several parents, moreover, are married to another worker at the plant. It is common for these parents to work opposite shifts so that one parent can always be with the kids.

### **A long-standing partnership**

The partnership of Pandurata Alimentos Ltda. (Bauducco) and the Amor y Paz childcare and preschool center has been in place for almost 30 years. In 1989, Donna Carla, the matriarch of the family-owned company, worked with early childhood educators to found the nonprofit Amor y Paz in response

**“My baby never once had diaper rash; before I started work here my older child was in a childcare place where he was often sore, and I was very worried.”**

**Female assembly line operator, mother, crèche user**

**“When someone gets sick, we can help each other and still get our kids to and from school.”**

**Female assembly line operator, mother, crèche user**

to a clause in the regional collective agreement for food workers. Pandurata Alimentos Ltda. (Bauducco) is unionized and follows the union contracts in its terms and conditions. The union agreement mandates that companies either offer a childcare center (under the agreement, it was sufficient to offer childcare in just one location) or pay up to a third of a mother's salary toward her childcare costs for a baby's first eight months. Although the union agreement provided the initial impetus, the company's childcare benefit far exceeds what is stipulated in the contract by covering the full costs of care and by providing childcare until children reach elementary school age.

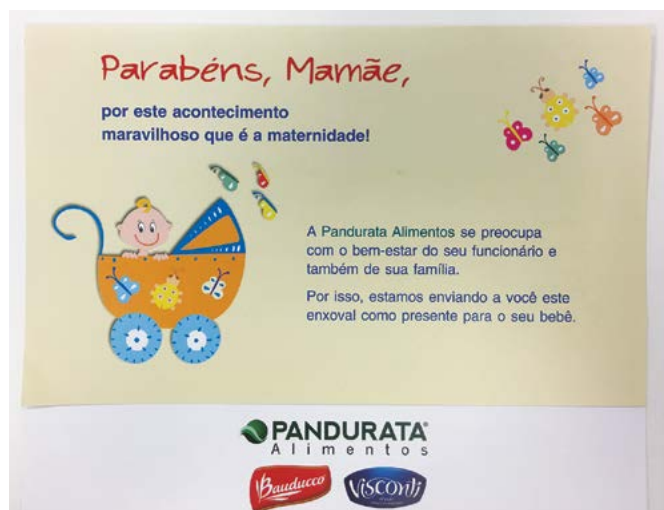
Pandurata Alimentos Ltda. (Bauducco) guarantees a minimum number of spaces, and its employees get preferential access to spaces in the facility. When Amor y Paz was founded, Pandurata Alimentos Ltda. (Bauducco) was one of 10 partner companies, each with a similar arrangement, guaranteeing several spaces for their employees. To date, Pandurata Alimentos Ltda. (Bauducco) is the only original partner company that remains. Few factories are left in the neighborhood and most clients of the center now are individual parents not sponsored by their employers.



### Maternity and paternity leave and supports for new mothers

Pandurata Alimentos Ltda. (Bauducco) offers standard maternity leave of 120 days and five days of paternity leave, in accordance with Brazilian law and relevant collective agreements. Leave is fully paid through social insurance. Women can take that leave from the eighth month of pregnancy. On their return they are entitled to reduced working hours (two breaks of 30 minutes each per day) until the child is six months old, which many women combine to have additional paid time off.

As part of its focus on supporting families, Pandurata Alimentos Ltda. (Bauducco) makes sure that pregnant women and new parents have access to all the information that will help them and their children to stay healthy. Pandurata Alimentos Ltda. (Bauducco) selected its healthcare insurance provider in part because it offers the services of a health advisor who comes monthly to discuss issues of relevance to the health of (soon to be) mothers and babies. When the baby is born, all new mothers at Pandurata Alimentos Ltda. (Bauducco) receive a welcome pack from the company with basic supplies and a calendar of vaccinations and suggested doctor visits to keep mother and baby healthy.



WELCOME PACK FOR NEW MOTHERS AT PANDURATA ALIMENTOS LTDA. (BAUDUCCO).



CELIA GRANATA, HR MANAGER, AND SERGIO TAMELINI, DIRECTOR OF HUMAN RESOURCE MANAGEMENT.

PHOTO: COURTESY OF BAUDUCCO

### Support for parents of older children

To mark the important transition into elementary school, once they have received the official government letter asking them to enroll their child in elementary school, any employee (male or female) receives a starter present of school supplies, including a backpack, crayons and pencils, books, and other school-related items.

Pandurata Alimentos Ltda. (Bauducco) also supports employees by approaching fee-charging schools identified by parents to negotiate discounts. For parents with children in Amor y Paz (indeed, for any parent with a quality and free preschool and early care arrangement), the transition to elementary school can be tough. Public schools are often not perceived as of high quality, and private schools can easily cost 600 Brazilian real (\$185) per child, about 40 percent of the salary of a female production worker. Hence, a discount on the fee can be a great help. This negotiated discounts program primarily applies to employees who are furthering their own vocational education but has been expanded to schools for children of employees.

PHOTO: COURTESY OF BAUDUCCO

**Paid leave and workplace flexibility**

Finding childcare when schools are closed during vacations can be difficult. Pandurata Alimentos Ltda. (Bauducco) employees often use their paid vacation period to cover those days, with Pandurata Alimentos Ltda. (Bauducco) facilitating the overlap of vacation periods to coincide with school vacations. Brazilian law and the collective agreements governing the company's sector provide employees with 30 days paid vacation. Additionally, Pandurata Alimentos Ltda. (Bauducco) factories close the week between Christmas and New Year, making it possible for employees to spend that time with their children.

Pandurata Alimentos Ltda. (Bauducco) also fully observes Brazilian laws when it comes to looking after sick children, and employees can take their paid sick leave to look after a child. Typically, this entitlement requires a note from a doctor but for children who get sick while they are in the Amor y Paz, the word of the center staff is sufficient. Pandurata Alimentos Ltda. (Bauducco) also provides up to 180 days unpaid leave in case of a domestic crisis, such as having a seriously ill child, and may help families with stipends in case of need.

Full-time work is the norm at Pandurata Alimentos Ltda. (Bauducco). Brazilian labor law limits the scope of part-time employment and thus this has not been explored as a temporary option for parents of young children.

**"If a child is sick, the nursery will call to let the mother know, and the mother will be free to go and pick up the child. We trust the nursery: they only call if the child really is sick."**

**Female assistant plant manager**

**"Taking care of families, whether they are our customers or employees, is at the heart of Bauducco's identity and values."**

**Paulo Cardamone, Director of Sustainability and Corporate Social Responsibility**

**BUSINESS IMPACT OF CHILDCARE BENEFITS**

For Pandurata Alimentos Ltda. (Bauducco), taking care of families, including the families of its employees, is at the heart of the company's corporate values. Pandurata Alimentos Ltda. (Bauducco) is now exploring how its child-centered employee benefit strategy can feature more prominently in its marketing strategy as the focus on children clearly complements its external message of being a company that "creates moments of happiness for families." The company's childcare and related benefits bring a number of concrete benefits to the company in terms of recruitment and retention, reduced absenteeism and higher productivity, and reputational benefits in the industry.

**The cost of providing childcare**

Pandurata Alimentos Ltda. (Bauducco) pays 400 Brazilian real (\$120) per month per child directly to the childcare center. Currently, with 12 children enrolled, this translates into 57,600 Brazilian real (\$17,500) per year. Due to the company's long-standing relationship with the Amor y Paz childcare center,

**“The women whose kids are in the crèche do not miss work as often and do not make as many mistakes.”**

**Male assistant plant manager**

and because it is an accredited preschool, the company's staff spends only a few hours of administrative time per month to provide the benefit.

The costs of childcare benefits currently are comparable to the annual expenditure on stipends for vocational education (42,000 Brazilian real, or \$12,800, in 2016). Although it is changing, the educational stipends are predominantly used by male employees, and are a keenly sought-after benefit and incentive for staying with the company, just as the childcare benefit is particularly valued by many women employees.

Additionally, Pandurata Alimentos Ltda. (Bauducco) spends 300 Brazilian real (\$90) on each maternity pack, and each school starter pack costs 102 Brazilian real (\$31). In 2016, 18 babies were born to employees in São Paulo, translating to an expenditure of 5,400 Brazilian real (\$1,620), and 32 children of employees received the school starter pack, an expense of 3,264 Brazilian real (\$992).

### **Benefits for recruitment and retention**

Pandurata Alimentos Ltda. (Bauducco) has a loyal and stable workforce, with less than 2 percent employee turnover in 2016. In the past, however, before the downturn of the Brazilian economy, turnover was higher. Production workers at Pandurata Alimentos Ltda. (Bauducco) are paid at the rates set by the collective agreement. Salaries and benefit packages are designed to be slightly above the median in the market. Thus, based on the basic compensation package alone, Pandurata Alimentos Ltda. (Bauducco) is not that

different from its competitors. Its benefit policies, including its childcare package, however, are much appreciated and have contributed to the company's reputation; recently, members of the Food Workers Union in São Paulo voted Pandurata Alimentos Ltda. (Bauducco) to be the best company to work for in the region.

Sergio Tamelini, Director of Human Resource Management, explained the benefits of having a policy that targets women with children, “Many of the women have been here for many years. They have children, they are often more family-focused and tend to be more mature and responsible than the men who are often younger.” Although it is difficult to isolate how much the childcare benefit contributes to workforce stability, the benefit is likely to reach beyond the current childcare users and contribute to an overall sense of loyalty to the employer. Many female users of the crèche were with the company for years before they used the crèche. Ninety percent of women return to work at the company at the end of the maternity leave (and some after a slightly longer break), and 95 percent of the women who returned from maternity leave in the last three years were still employed one year after their return.

It takes two to three months to train a new worker starting in the factory, and having to replace a worker not only takes management and training time but can also disrupt team-oriented work processes. In the experience of managers at Pandurata Alimentos Ltda. (Bauducco), young men are a somewhat more transient and less reliable workforce because they are not yet focused on maintaining a family.

**“Before I started work here, I hired someone to look after my child at home. Several times the nanny left with very short notice, causing lots of problems for me.”**

**Female assembly line operator, mother of a five-year-old daughter**

**“The women who do not yet have kids are happy about the childcare center because they know they may be able to use it one day.”**

**Female assistant plant manager**

Although men often take advantage of the educational subsidies offered by the company to permanent employees, once their education is complete, they are more likely to move on than women.

### **Productivity**

The childcare benefit means that parents can be at work on time, fully focused on their tasks. One assistant plant manager noted a clear impact on both absenteeism and quality: women with kids in the crèche are less likely to miss work and less likely to make mistakes. Another assistant plant manager highlighted differences in quality and absences between mothers in the first shift, with access to the Amor y Paz daycare facility, and mothers in the second shift, who are not able to use the childcare benefit.

Having the childcare benefit has also led to a reduction in accident rates. Avoiding accidents and maintaining a good health and safety record are important performance metrics for Pandurata Alimentos Ltda. (Bauducco). The plant manager explained, “You can see it in the health and safety reports: people are calmer if they know that their kids are safe.”

After having been at Pandurata Alimentos Ltda. (Bauducco) for many years, many women are intimately familiar with the production process and the machines they work with, even if they might lack formal qualifications. In the past, male technicians often ignored women’s potential contribution. Such behavior and attitudes acted as a potential barrier to

women who otherwise may have stepped forward to seek advancement. To tackle such attitudes, the plant manager now insists that the female production workers are consulted when an engineer or mechanic is called in to address a problem. He has noted that the men have become much more respectful and appreciative since this practice was started.

### **Improving gender diversity in supervisory and management positions**

The childcare benefit sends an important message to female workers at Pandurata Alimentos Ltda. (Bauducco): it is welcome and accepted for a worker to be a mother. Pandurata Alimentos Ltda. (Bauducco) is aware of the benefits of gender diversity in management. Research suggests that diverse leadership teams are more likely to increase market share, and that they are comparatively better at identifying unmet needs of consumers (Hewlett et al., 2013). HR manager Celia Granata recalls how the company allowed her school-aged daughter to come to the office after school, providing great peace of mind and making it possible for her to stay with the company. Now that she is in a leadership position herself, she is aware of the positive effect of walking the talk and showing that it is doable and acceptable for women to be mothers and have positions of responsibility in the company. She explained, “In the past, the women mainly wanted a job to look after their children; now many are more ambitious.” The childcare center can help them realize their ambitions.

**“You can see it in the safety record and quality: people are calmer when they know their kids are safe.”**

**Male plant manager**

## Corporate reputation

Pandurata Alimentos Ltda. (Bauducco) has a tradition of giving back to the community. The company mission is “to create moments of happiness for families,” and family supports inform its corporate social responsibility program. Pandurata Alimentos Ltda. (Bauducco) has an extensive corporate donations program and supports many organizations by donating baked goods that organizations can sell to raise funds. Although the company draws on the story of the founding family in its marketing and external representations, so far it has not explored integrating its family-friendly employee policies or its other charitable activities into its marketing strategies. This may change in the near future as Pandurata Alimentos Ltda. (Bauducco) is recasting its corporate social responsibilities portfolio and seeking a more active and integrating marketing strategy.



THE COMPANY'S MISSION AND VISION.

PHOTO: COURTESY OF BAUDUCCO

At the same time, the benefit is comparatively expensive and not easily replicable for all its employees. Pandurata Alimentos Ltda. (Bauducco) would like to offer childcare benefits to more employees, both because it is aware of the positive impact on productivity of mothers who have access to reliable childcare and because it is concerned about perceived fairness. Expanding childcare to female employees at other sites is more complex. Pandurata Alimentos Ltda. (Bauducco) does not have enough employees in need of childcare to justify a dedicated crèche and thus would need

to work with a quality childcare provider also serving other clients; however, there is a lack of viable childcare partners near the other vicinities. The company is considering various other options, such as entering public-private partnerships.

As mentioned earlier, the childcare benefit has traditionally targeted women. The company's internal data and experience show that retention rates for women are higher than men because women are more likely to have children or are planning to have children, and are more focused on long-term security for their families. Targeting working fathers through a childcare benefit may also lead to a more stable and responsible male workforce.

Finally, the company's childcare benefit remains a hidden gem. Thus, the company has the opportunity to more explicitly integrate information about this benefit in its recruitment and outreach strategies, highlight the availability of the benefit and size of commitment to its current employees, and integrate its 30-year commitment to employee childcare in the stories the company tells its customers. As the company works to develop its communication strategy, more clearly developing its messages to internal stakeholders and its customers about its family-focused values, the hidden gem may well turn into a pot of gold.

## LESSONS LEARNED

The Amor y Paz childcare center is a flagship benefit offered by Pandurata Alimentos Ltda. (Bauducco). After almost 30 years, Amor y Paz has become part of the company's social fabric, something that would be very hard to take away. “Other companies come to learn from us,” said VP for Administration Djalma Antonio D'Oliveira, “This is a very valuable reputational benefit of our policies, not something you would want to give up.” Although the benefit is only used by a small number of employees, it reaches far beyond these direct beneficiaries. It provides an incentive for women to stay at the company before they become mothers, improves the loyalty of parents whose children were cared for by Amor y Paz, illustrates the company's commitment to its employees, and makes clear that the company welcomes and appreciates working mothers.



## Endnotes

- 1 Interviews for this case study were conducted in person by IFC and IWPR staff in São Paulo in October 2016 with a cross-section of Pandurata Alimentos Ltda. (Bauducco) staff, including the managers for human resources, benefits, finance, and marketing; three plant and assistant plant managers; and a focus group of parents working for the company. The case study also included a visit to and interview with the director and a board member of the childcare center. Pandurata Alimentos Ltda. is a client of IFC.
- 2 Pandurata Alimentos Ltda. is the manufacturer of popular brands like Bauducco, Visconti, and Tommy (Bauducco, 2017).

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**Economy name:**  
Kenya

**Main business city:**  
Nairobi\*

**Region:**  
Sub-Saharan Africa

**Income level:**  
Lower middle  
income

**Population:**  
45,545,980

**Female population:**  
22,824,526

**Labor force  
participation (15+):**  
63% female  
72% male

**Compulsory  
primary education  
enrollment age:**  
6 years



### Leave policies

Paid maternity leave	Yes	90 days
Paid paternity leave	Yes	14 days
Paid parental leave	No	0



### Legal obligation for employers to support childcare

	0-2 years	3-5 years
Obligation for employers to support childcare?	No	No
Based on the number of female employees?	N/A	N/A
Based on the number of employees regardless of gender?	N/A	N/A
Special legislation on employer-provided childcare?	No	No



### Government incentives to employers to support childcare

Tax benefits to employers to support childcare?	No	No
Non-tax benefits to employers to support childcare? (monetary and/or nonmonetary benefits)	No	No



### Quality of private childcare services

License or registration required?	No	Yes
Zoning requirements?	No	Yes
Pupil-teacher ratio required?	No	No
Penalties for noncompliance with laws?	No	Yes

*Note: The Nairobi City County Early Childhood Education Act, which applies to both private and public childcare centers, was adopted in May 2017 by the Nairobi City County Assembly and is pending the Governor's signature to come into force. Once signed, the amendment will expand the application of the 2014 Nairobi City County Early Childhood Education Bill to children under the age of six. This will affect some of the answers to questions covered in this study, such as safety measures, inspections, and teacher qualifications with respect to childcare services in the 0–2 years age group.*

\*The *Women, Business and the Law* data are based on domestic laws and regulations that apply to the main business city of the economy. For more information on the methodology including the maternity/paternity/parental leave calculation methodology, visit [wbl.worldbank.org](http://wbl.worldbank.org)

# Safaricom

## Telecommunications, **KENYA**

### PARENTS, WORK, AND CHILDCARE IN KENYA

Employment or lack of it is a key issue for many Kenyans. Current overall labor force participation in Kenya stands at an estimated 67 percent, with women experiencing lower participation rates than men (62 percent compared with 72 percent) (ILO, 2016a). Gender norms in Kenya, as elsewhere, indicate that women are the primary caregivers and spend much more time on the unpaid care of others, particularly of children (UNSG, 2016; Ethical Tea Partnership, 2015). One study shows Kenyan women spend around 90 minutes daily on childcare, compared to men's average of 12 minutes (ActionAid, 2013).

The 2007 Employment Act requires companies to provide female employees with three months of maternity leave at 100 percent pay and male employees with two weeks of paternity leave, both paid by the employer (Employment Act, 2007). The pending Employment Act Amendment Bill 2015 will introduce provisions for adoptive parents. Female employees who adopt a child under age three will be entitled to three months of paid adoption leave, two months for children aged three to 12, and one month for children older than 12. Adoptive fathers will be entitled to two weeks of adoption leave.

The new Health Bill (pending since 2015, awaiting presidential assent) will introduce mandatory requirements on employers to provide breastfeeding stations and additional breaks (beyond existing meal breaks) in which mothers can breastfeed or express milk. There are no legal provisions for flexible hours or part-time work for parents in Kenya.

During infancy and early childhood, children are typically cared for by family members or domestic workers, such as privately hired childminders or nannies. Domestic workers themselves are a vulnerable group, often from disadvantaged socioeconomic groups, lacking decent working conditions (ILO, 2015), and prone to switching employers frequently and with little notice. There is no public provision of childcare for children under three in Kenya. Early childhood education services for children age three and under exist but are mainly informal and home-based (WBL, 2016b; ILO, 2010).

#### Safaricom's **Employee Profile**, March 2017:

- 51% of Safaricom's 5,085 employees are women

#### Safaricom supports **employees with children** through:

- On-site crèches
- "Bring your child to work" policy
- Additional paid maternity leave — (beyond statutory provision)
- "Mother's shift" — reduced working week at full-time pay
- Breastfeeding rooms
- Shift preference system (at Call Centre)
- On-site doctor and medical insurance

#### **Business impacts** of providing childcare supports:

- Improved punctuality, reduced absenteeism and stress
- Productivity and motivation gains for women and men
- Recruitment and retention benefits
- Progress against company vision for numbers of women in leadership and technology functions
- Demonstrates commitment to best practice in sustainable and responsible business, as part of the company's overall sustainability initiatives
- Helps company deliver on strategic priorities



PHOTO: COURTESY OF SAFARICOM

SAFARICOM CALL CENTRE CRÛCHE, NAIROBI.

Formal early childhood education (ECE) (for children ages three to six years) provision in Kenya is devolved to the county level under the over-arching national legal framework of the County Early Childhood Education Bill of 2014. The 2014 Bill sets out clear requirements on premises, safety, inspection, and staff qualifications. Compulsory free public school education starts at age six. Childcare can be expensive, especially for low-wage workers, and has been shown to suppress maternal employment in Kenya (Lokshin, Glinskaya, and Garcia, 2000; ILO, 2010).

Within this landscape in Nairobi and Kenya more broadly, this case study discusses how the telecommunications company Safaricom provides support for working parents within its three headquarters' office sites and single Call Centre site in Nairobi (85 percent of staff are in Nairobi) (Safaricom, 2016), as well as how it is currently considering provision for employees outside the capital.<sup>1</sup>

## COMPANY BACKGROUND

Safaricom, a telecommunications company operating in Kenya, provides voice, data, and mobile money transfer services to individual customers, businesses, and the public sector. It is especially well-known for pioneering M-PESA, a mobile money transfer service. Founded in 1997 and originally part of a state-owned corporation, Safaricom was formally licensed in 1999 and began operations in 2000 with Vodafone holding a 40 percent stake and the Kenyan government 60 percent (following its listing in the Nairobi Stock Exchange (NSE) in 2007, the government's stake is now 35 percent with 25 percent listed in the NSE). Safaricom is headquartered in Nairobi, with regional offices and shops throughout Kenya. The company has 44 direct retail shops, with more than 252,000 associated retailers and over 120,000 M-PESA agents across Kenya. In 2016, its annual revenue was 196 billion Kenyan shillings (\$1.8 billion) (Safaricom, 2016).

### Women at Safaricom, March 2017

51% **workforce**

59% **customer operations workers**

30% **board members**

25% **senior leadership team**

31% **department heads**

## **BUSINESS CONTEXT FOR SUPPORTING WORKING FAMILIES**

Safaricom has 5,085 employees, of whom 51 percent are women. The male to female ratio across the company is significant, including at the board level. Safaricom has been proactive in prioritizing gender balance and a supportive work environment for working parents across the company. This approach to gender balance in the workplace stems from the company's values of diversity, inclusion, and equal opportunity for women and men.

The company has different employee profiles in different areas of the business, with many working families (employees with children, either their own or from their extended families) among the staff—21 percent of staff are in their 20s and 64 percent of staff are in their 30s (Safaricom, March 2017).<sup>2</sup> At the company's Call Centre, staff tend to be slightly younger than those at headquarters, with an average age of 32 years, and many have young children.<sup>3</sup>

In other parts of the business, the workforce profile is older, with staff having older children and sharing childcare responsibilities with other family members as part of extended family networks.

Safaricom began offering childcare support at its Call Centre facility in 2010, aiming to provide a supportive environment to staff with childcare responsibilities. Call Centre staff are a crucial part of Safaricom's operations, supporting one of the company's strategic business priorities: "customer first." Their productivity in answering customer queries via calls and social media is captured in a key company metric, the Net Promoter Score (NPS), which measures how available Safaricom is to its customers. The NPS measures whether Safaricom's customers would recommend them to others—a vital factor in a fast-moving, competitive commercial space.

Safaricom had been experiencing some punctuality and absenteeism problems at the Call Centre, and managers

**"We continue to create the most mother-friendly working conditions we can for two main reasons. The first is to reduce the disruption and costs associated with replacing women leaving the workforce to raise families, and the second is to help address the shortage of women in senior management positions within the company. Aside from supporting new mothers, we are also actively identifying female employees with leadership potential and deliberately growing them at every level of the company."**

**Safaricom Sustainability Report 2015**

learned anecdotally that these were mainly caused by disruptions in employees' childcare arrangements (often concerning domestic staff, or "house girl dramas," as a company video describes it), children's illness, and occasionally conflict with breastfeeding times for mothers.

Given that absenteeism and lateness impacted productivity and the "availability to customers" metrics, helping staff address those issues became business-relevant, and the company began to consider how childcare provision could benefit both company and staff (women and men). Safaricom also felt that providing crèche facilities would support staff in their personal and professional growth, providing a more enabling environment at work.



Safaricom believes in a diverse workforce. As in other technology companies, fewer women hold technical roles. Safaricom has taken steps to address this issue by seeking to understand the root causes of gender imbalance that lead to fewer female engineers, and considering how to address those causes directly, with partners and for the benefit of the industry at large. That activity led to the development of the company's Women in Technology (WIT) program in Kenya. WIT involves a range of activities targeting girls and women "from the classroom to the boardroom," working with schools and universities to encourage more women into science, technology, engineering, and math (STEM) fields. Safaricom believes that its package of human resource measures, from childcare through career progression programs, helps to maintain the diverse and talented workforce the company wants to generate.

## HOW SAFARICOM SUPPORTS EMPLOYEES WITH CHILDCARE NEEDS

The company provides a suite of policies and practices that help support both male and female employees with children, including on-site crèches for younger children. Beyond crèche provision, this includes a "bring your child to work" policy, maternity leave beyond statutory provision, reduced working hours options for mothers, breastfeeding rooms, an on-site doctor, and medical insurance that includes children. Additional policies recognize the shift regime of Call Centre employees: a shift preference system and an open approach when employees need to change shifts (there is no childcare provision that can accommodate night shift work). Finally, the company is considering expanding existing childcare support beyond Nairobi to staff in all of Kenya's regions, including in the six new regional offices and beyond.

### On-site crèches

Safaricom has two on-site crèches in Nairobi—one at its Call Centre, established in 2010, and the second at one of its three headquarters sites, established in 2013. The second crèche was established to ensure fair access to such services for all Nairobi staff. All employees can use the crèches, and there are no fees. Both sites are open to children from three months to seven

years, and parents bring their own food, clothes, and diapers for infants. At the Call Centre site, the crèche is open from 6:30 a.m.–6 p.m., seven days per week, including weekends and holidays. The center has one room for all children, with a separate sleeping room and separate kitchen, as well as an outdoor play area. Access to a doctor is provided separately for all staff as well as for children using the crèche. The Human Resources department reports that staff without childcare needs still value the crèches as an indication of the company's overall approach to employee care.

At the headquarters' site crèche, hours are 7:30 a.m.–5:30 p.m., weekdays only. Here there is also one room for all children, with separate changing facilities and a food preparation room. All staff at the crèches have qualifications in first aid.

Safaricom wanted to ensure that the best quality care was provided for children at the crèche. Thus, from their inception, both crèches have been operated by Children's World, an independent, qualified, private, external provider of crèche, play, and childminding services, under the overall management of Safaricom's Health, Safety, and Wellness Team (part of the Human Resources division). Parents are welcome to give feedback about the crèche services. Over time, this has included suggestions to have more structured activities for the children, to improve provision for children over age three, including adding more educational activities, and a request for childminders to have first aid training.

A range of employees, both women and men, use the crèches, although Call Centre staff who work shifts make most use of the Call Centre site. The parents of some very young children

**"You know your baby is safe, so you're a happy mother, you are settled."**

**Call Centre employee and crèche user, female**

**“Having the crèche makes you feel more comfortable, in terms of concentration levels. You don’t have to call home to check on the house help, it is better if you need to administer any medicine if your child is sick, and being here means you can form a psychological bond with your child.”**

**Call Centre employee and crèche user, male**

use the crèche as their main form of childcare because this allows them to visit during the day and feel reassured that they are close by. Yet at both sites, the crèche facilities’ main use is for back-up care when employees’ regular childcare arrangements break down during a standard working week. For employees at the Call Centre (which operates 24 hours a day, 365 days a year), the fact that the Call Centre crèche is open on weekends and holidays when domestic staff may be unavailable is also especially important.

Staff also value the crèche services for school-age children (e.g., when they are ill) and the crèches are much busier during the holidays and on weekends. Safaricom is now considering partnerships with other daycare service providers in the regions to reach out to all staff. Employees report that many children prefer the crèche to being at home alone with a childminder, since they have the company of other children and prefer the atmosphere and facilities.

### **“Bring your child to work” policy**

At present, all staff at the company’s three headquarters’ offices can bring their children to work at any time. Staff can, for example, use the company’s Resource Centre area, which provides books, television, electronic games, pool, and foosball. This facility is typically used by children who are too old for the

crèche, and there are no restrictions on its use. Many staff use it during the holidays for their own children or those of other family members. Using the Resource Centre in this way forms part of the company’s “Safe Workplace for Everyone” activity under its “Children’s Rights and Business Principles” policy. This policy, formulated as part of Safaricom’s work with UNICEF on integrating child rights into business practice begun in 2014 (UNICEF, 2015), commits the company to “respect the rights of all people, including children, in the workplace, the marketplace, corporate social investment and business operations.”

### **Maternity and paternity leave**

Safaricom updated its maternity leave policy in March 2015, going beyond statutory provision to offer new mothers at least 16 weeks fully paid maternity leave. Beyond the 16 weeks, mothers can extend their paid time off by adding annual leave to maternity leave. Fathers are offered the statutory two weeks paid paternity leave. The option of increasing paternity leave to one month was explored during an informal staff survey in 2016, but results showed that staff felt the culture was already flexible enough, so additional measures were not needed. The company is also operating a new program called Safaricom Connect, a return-to-paid-employment program for women who have been out of employment between one and 10 years.

**“Family comes first at Safaricom, you don’t have to carry work home and flexible shifts are much more accommodating to family life, so it can be about your priorities.”**

**Call Centre employee and crèche user, female, several years at company**

### Breastfeeding rooms

Safaricom provides fully equipped lactation rooms for breastfeeding and lactation in a hygienic, private environment, allowing women to continue to breastfeed after returning to employment. This service is not yet mandatory, and the company's provision of lactation rooms has been widely shared to encourage other private sector actors. For example, the company is featured as a best practice example in a national program to promote, support, and protect breastfeeding as a right of both mother and child. The right to breastfeed infants up to 24 months with a break of up to 40 minutes every four hours is also now documented in Kenya's Breastfeeding Mothers Bill 2017 (awaiting presidential consent as of July 2017).

### Reduced hours for returning mothers

New mothers working on shift patterns at the Call Centre have the option to work reduced hours for the first six months after returning to employment (known as "mother's shift," this consists of six instead of eight hours per day or 30 instead of 40 hours per week), while remaining on full-time pay.

### Shift preference system

There is also a shift preference system for mothers returning to work at the Call Centre after maternity leave. The business aims to allocate 60 percent of shifts according to staff preference, with 40 percent allotted according to business need, alongside a performance-related shift allocation system for all shift work staff (employees who meet performance targets qualify for allocation privileges that aim to take shift timing preferences into account). Call Centre managers have improved from meeting about 50 percent of staff shift requests in 2014 to about 65 percent of requests in 2016. Staff who are not parents or carers are also supportive of the policy for returning mothers as they believe it shows that the company cares for its employees and for wider society.

**"We use the crèche especially on weekends and holidays when the nanny is away. Our child enjoys it because there are activities here rather than being stuck at home."**

**Call Centre employee and crèche user, male**

### On-site doctor and comprehensive medical insurance

Safaricom provides comprehensive medical insurance for staff and their families. In addition, a doctor is available on-site at the Call Centre, so sick children can be seen at the staff clinic. This has also provided benefits for staff and the company—better health outcomes for children and improved staff availability and lower absenteeism.

### New activities in 2017 and beyond

Safaricom is exploring various other policies and practices for 2017 and beyond. For example, the company is exploring how to provide childcare support to Safaricom staff beyond Nairobi in all of Kenya's regions.

The company is also investigating how to provide more appropriate workplace facilities for employees' older children, who are sometimes brought to the workplace, especially on weekends and during school holidays, both at the Call Centre and headquarters offices. At headquarters, there is some provision at the Resource Centre, but Human Resources staff believe it can be further improved and are exploring options. Already staff are accommodating young people across the company's offices, showing them how the business operates, allowing them to explore their areas of interest, and supporting them in work and study at computer stations.

and structured job shadowing opportunities. The company is considering consolidating these activities into a young workers policy.

The business has had flexible work policies for some time, and is exploring extending them further. During 2017, additional workplace-related policies are being informally piloted and tested with senior management and leadership teams. Following such pilots, the aim will be to develop the policies across the company, with each division considering how the options would apply to their department, depending on the nature of work and type of operations in each department.

Finally, Safaricom is working to develop and implement company-wide training and awareness-raising on a new Anti-Gender-Based Violence Policy that looks at violence within and beyond the workplace and its impact in the workplace. This includes issues such as domestic violence and how they affect employees.

## **BUSINESS IMPACT OF SAFARICOM'S CHILDCARE SUPPORT**

Although the company's main aim in providing this range of support is in "doing the right thing" and supporting employees, there is nevertheless a business impact. Safaricom reports business gains in several areas deriving from its childcare support. Apart from supporting Safaricom's commitment to diversity, these include gains across the following areas: productivity and motivation; punctuality, absenteeism, and stress; recruitment and retention; company targets for women in leadership and technology functions; demonstrable commitment to best practice in sustainable and responsible business, as part of the company's overall sustainability initiatives; and delivery on the company's overall strategic priorities of putting customers first and operational excellence.

In terms of cost-benefit analysis, Safaricom does not directly monitor return on investment (ROI) data, either quantitative

or qualitative, on the crèche or other policies. However, the company does track service revenue and profit per employee as well as headcount ROI within a target range. These figures are benchmarked by Safaricom's parent company Vodafone against its other operations in the region, and productivity and retention gains are directly visible in those metrics (for example, through reduced recruitment and training costs at Safaricom against the company's own results from previous years).

### **Costs of providing childcare**

In 2016, the combined direct operating cost of both crèche facilities was \$33,300, on top of which there were some incidental maintenance and repair costs. Both facilities are on existing Safaricom premises. Safaricom pays the childcare provider, Children's World, directly, and Children's World manages the center staff and handles administrative tasks (enrollment of children and contact details). The provider's prices are based on a formula combining the costs of space, staff, food provision, materials and overhead, geographical location, and whether children drop-in or are present full time. Safaricom does not take out additional insurance in relation to the crèche; any liabilities related to crèche facilities are covered by Safaricom's extensive general insurance provision, and Children's World has an excellent performance record regarding accident incidence.

### **Safaricom's Policies Under Development**

- **Workplace provision for school-aged children and adolescents**
- **Policy and training on tackling gender-based violence**

### Improvements in punctuality, absenteeism, and stress level

The Call Centre is perceived as a high-pressure environment (the “pulse” of the business), where employees may be dealing with repetitive work, demanding customers, and the regular introduction of new products and services. Call Centre staff are often studying as well as working, some also run small businesses, and many choose to work overtime to increase their earnings.

HR staff report that before the Call Centre crèche was established in 2010, Call Centre operations faced some absenteeism and punctuality problems, with staff taking “personal emergency” leave at short notice, which negatively affected their annual leave entitlement.

Through conversations with employees, HR staff determined that unexpected difficulties with childcare and children’s illness were the root cause of these problems, affecting both female and male workers. Furthermore, when new mothers used up their annual leave allowance on caring for their children, they lacked rest time and were tired and stressed at work. Having the crèche and medical facilities available on-site has substantially improved absenteeism and punctuality. Now, instead of having to find a relative or arrange nonfamily childcare, staff can bring their children to work, where they can also see a doctor if a child is ill. Shifts do not have to be

**“We understand that women’s issues are business issues and providing a work environment where women can thrive in their roles as mothers, while staying in employment and growing their careers, is part of Safaricom’s HR objectives, while also offering competitive advantage for us as part of employee benefits packages.”**

**Stephen Chege, Head of Corporate Affairs**

rearranged, or they can be changed to daytime when the crèche is available. Given that the Call Centre operates around the clock, and the crèche is daytime only, not all emergencies can be resolved, but there has been a substantial decrease in absenteeism, tardiness, and management time taken to rearrange shifts.

### Productivity and motivation gains

Female and male staff at both the Call Centre and headquarters offices report that having the crèche facilities improves their productivity as they feel more settled, concentrate better, and are more focused on their tasks. At the Call Centre, this is directly visible through metrics such as service levels (how many queries are answered and queuing and abandonment rates) and customer satisfaction rates (as measured by the Net Promoter Score mentioned earlier).

Safaricom’s headquarters office houses more senior staff, including management, and working parents at headquarters rely on at-home nannies more than their Call Centre



CEO BOB COLLYMORE VISITS THE HEADQUARTERS CRÈCHE IN NAIROBI.

PHOTO: COURTESY OF SAFARICOM



counterparts. Nevertheless, anecdotally both female and male headquarters staff report that knowing they have the crèche as a back-up when needed helps them give their best at work. It also saves them time and disruption since previously they took breaks and disrupted their work schedule to rearrange their childcare. Managers reported that these gains are visible in the annual staff survey via rising scores on how engaged staff feel at work.

### **Recruitment and retention benefits**

Although the company itself has not publicized the crèche facilities to potential employees, media attention has meant that potential candidates are aware of the crèches, which have helped attract both male and female staff. At headquarters, the company is recruiting highly skilled staff in a competitive market, and the crèche facility offers a competitive advantage compared to benefits offered by other employers. It also sends a clear message that the company understands that staff have family commitments, which has indirectly impacted women's

**"The crèche was established to handle staff being MIA [missing in action]. It was especially a problem with new mothers. It has really helped reduce that a lot, so there's more stability in the workplace. It also helps your motivation at work, knowing that the company cares and provides an extra service for free. Honestly speaking, I feel mothers here are privileged; we are market leaders and others are trying to catch up."**

**Call Centre employee and crèche user, female**

career progression. Previously, staff report that some female employees were afraid that they would "fall down the career ladder if they had children since they would accumulate less experience and be seen as less 'available' to the company." Now, the company can attract men and women equally by demonstrating that it is open to those who want to combine career and family life.

At the Call Centre, new staff receive eight weeks of full-time training, which is a substantial financial investment. Retention of staff is therefore important. In the past, Safaricom found it was losing new mothers as they struggled to manage their employment and child rearing commitments, and many did not return to paid work. Some were constrained by the cost of childcare, so the free crèche helps retain those with financial constraints.

### **Progress toward company targets for women in leadership**

Safaricom has a system of targets on diversity and inclusion. Although overall Safaricom is doing well on gender diversity, the company is still working toward its targets on women in leadership and women's representation in the company's technological functions. Childcare support is part of a range of programs aimed to help women remain at Safaricom after maternity and thus fully participate in the management and leadership functions of the company over time.<sup>4</sup>

### **Support for company commitment to best practices in sustainable and responsible business**

Safaricom's childcare support is part of the company's overall sustainability strategy, which has generated extensive external interest. Although not unique in Kenya, most other companies providing childcare support at work are in more rural settings, such as flower and rose farms (KEPSA, 2017; UNICEF Kenya, 2015). Interest in the company's activities has come from international organizations, the local media, investors, especially from Europe, and other stakeholders. The company's Head of Corporate Responsibility reports that sustainability activities are a key area of interest to potential investors.

**“My wife’s work is less flexible than mine, she cannot drop a day’s work if our child is sick. Compared to my previous employer, where we had worries about what to do if childcare failed, now we have peace of mind, which makes me more productive. I can deliver my best at work.”**

**Headquarters senior manager, male,  
occasional crèche user**

## LESSONS LEARNED

Safaricom’s crèche facilities and other childcare-related employee policies are popular with staff. The company believes it has learned lessons about these policies and facilities, and that there is still more that can be done. As a result, the company is continuing to make plans for further development, for example, at the regional level.

Offering childcare supports for free was more viable despite the company bearing the cost. When Safaricom established the Call Centre crèche, it learned that charging employees for its use was not workable for staff there. The company decided to offer the crèche for free, which led to increased take-up and then succeeded in the company’s objective of reducing childcare-related absenteeism and disruption.

The crèche began as a low-key business solution and grew into a reputation enhancer. The Call Centre crèche began as a limited solution to a concrete company problem.

However, over time, as both crèches were established, they have attracted attention from national and international organizations as well as the media. As a result, they have enhanced the company’s reputation on the regional and international levels, boosted its corporate responsibility credentials, and, through media coverage, helped to attract potential employees in a manner that the company had not foreseen. The company could capitalize on this by using the crèche facilities in recruitment campaigns as well as customer outreach, making sure to highlight these benefits for both female and male candidates.

When the crèche was set up, Safaricom expected that parents would use it as their main source of childcare. Yet the most common use of both crèches is for back-up care, as well as on weekends for Call Centre staff who work weekends, and during school holidays. Safaricom is now taking more formal steps to meet this demand.

The crèche began as a rather low-cost, basic service. Although the employee users of the crèche have no formal role in its governance, employee feedback about crèche operations made clear their increasing expectations about the care and education of their children. Over time, this has meant that the quality of care provision in the crèche has improved, leading to requirements for childcare staff, such as having first aid training, and for more educational activities and structured

**“I was attracted by the work-life balance here, and knowing the company has a crèche was part of realizing the attitude the company has to family life. In my previous role, I worked long hours and didn’t see my kids much.”**

**Headquarters employee and crèche user,  
male, recently recruited**

**“At a recent international investor roadshow, our CEO only took copies of our Sustainability Report, since he receives increasingly more questions from investors about our business responsibility and sustainability—will we be in business in 100 years? We feel that all our work in this area is really key for investors.”**

**Sanda Ojiambo, Head of Corporate Responsibility**

play for children. These changing expectations also reflect increased attention at the national level in Kenya to higher quality early childhood education (ECE) provision.

Human resources managers are working on ideas to cover the next challenge for staff—back-up care for school-age children and adolescents over holidays and weekends. The fact that existing facilities are trying to cater to those age groups shows a clear demand from staff in this area. Existing “bring your child to work” days have proved popular, and there may be scope for the company to conduct more of those or similar activities.

Childcare in Kenya, as elsewhere, is still seen as predominantly a woman’s responsibility. Focus group discussions with Safaricom employees revealed that it is primarily women who pay for nannies from their earnings and make decisions about childcare. As a result, the company felt female employees would especially appreciate benefits from the crèche and

other family-friendly policies. In practice, male employees clearly value the crèche facilities and other work-family policies more than the company initially anticipated, so the benefits have been felt more fully than anticipated across the whole workforce.

## CONCLUSION

The company currently summarizes its overall strategic aim (to be fully fit for a sustainable future) as its “Transforming Lives” agenda. This agenda aims to transform the lives of customers, communities, and colleagues. Its tagline is “We’re at our best when you’re at yours.” Company senior management feel that the commitment to support staff as a core company value is being put into practice by the suite of enhanced policies and practices related to staff with childcare needs as there are evidently direct benefits for both the staff and the business.

Safaricom’s crèche provision has been a key plank of that support. Provision has been maintained and enhanced, with plans for further development both in terms of deeper coverage for older children, and broader provision beyond Nairobi-based staff.



CALL CENTRE SUPERVISORS, NAIROBI.

PHOTO: COURTESY OF SAFARICOM

## Endnotes

- 1 Interviews for this case study were conducted in person in January 2017 in Nairobi. Researchers interviewed a range of Safaricom staff at two headquarter sites and at the company's Jambo Contact Centre. Interviews were conducted with personnel from the following departments: Human Resources—Health, Safety and Wellness; Corporate Responsibility; Finance; and Workforce Planning and Customer Operations. In addition to in-person interviews, focus group discussions were held with male and female employees of different seniority. Two on-site crèches were also visited. Two background interviews beyond Safaricom itself were also conducted, one with early years childcare provider Kidogo and one with Safaricom's crèche provider Children's World.
- 2 Information based on interviews conducted with Safaricom Call Centre staff in March 2017.
- 3 Information based on interviews conducted with Safaricom Call Centre staff in March 2017.
- 4 As in other technology companies, there are fewer women than men in technical roles at Safaricom, and the company has taken steps to address this, such as its Women in Technology (WIT) effort.

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## Germany



**Economy name:**  
Germany

**Main business city:**  
Berlin\*

**Region:**  
OECD high income

**Income level:**  
High income

**Population:**  
80,889,505

**Female population:**  
41,167,323

**Labor force participation (15+):**  
55% female  
66% male

**Compulsory primary education enrollment age:**  
6 years



### Leave policies

Paid maternity leave	Yes	98 days
Paid paternity leave	No	Parental leave is available to men
Paid parental leave	Yes	360



### Legal obligation for employers to support childcare

	0-2 years	3-5 years
Obligation for employers to support childcare?	No	No
Based on the number of female employees?	N/A	N/A
Based on the number of employees regardless of gender?	N/A	N/A
Special legislation on employer-provided childcare?	No	No



### Government incentives to employers to support childcare

Tax benefits to employers to support childcare?	No	No
Non-tax benefits to employers to support childcare? (monetary and/or nonmonetary benefits)	Yes, (subsidy to cover the cost of daycare center construction and operation)	Yes, (subsidy to cover the cost of daycare center construction and operation)



### Quality of private childcare services

License or registration required?	Yes	Yes
Zoning requirements?	Yes	Yes
Pupil-teacher ratio required?	Yes	Yes
Pentalties for noncompliance with laws?	Yes	Yes

\*The *Women, Business and the Law* data are based on domestic laws and regulations that apply to the main business city of the economy. For more information on the methodology including the maternity/paternity/parental leave calculation methodology, visit [wbl.worldbank.org](http://wbl.worldbank.org)

# Schön Klinik

## Healthcare, **GERMANY**

### **PARENTS, WORK, AND CHILDCARE IN GERMANY**

In the last decade, the work-family landscape has changed significantly in Germany. After decades of low investment in childcare and policies that promoted a family model where mothers stayed at home to raise their children, there has been a significant expansion of investments in public childcare, incentives for mothers to return to work sooner after childbirth, and for fathers to more equitably share in child rearing tasks (Blome, 2017). The lack of public supports had led to record low fertility rates (Germany, with low birth rates of 1.44, is the only country in the world with several decades of fertility rates well below the replacement rate of 2.1 (Bujard, 2015)) and costly losses in terms of human capital for German employers as skilled female workers had long periods of absence from the labor market.

The reforms introduced by the German government to encourage both increased female labor force participation and increased birth rates have had a strong impact. These reforms include reducing the costs of having children and making it easier to be a working parent (Bauernschuster, Hener, and Rainer, 2013) and implementing the European Commission's 2002 Barcelona objectives for increasing the availability of high-quality, affordable childcare (European Commission, 2013). Between 2006 and 2014, the labor force participation of mothers of young children increased dramatically, from just 9 percent to 42 percent for mothers of two-year-olds, and from 13 percent to 55 percent for mothers of three-year-olds (European Commission, 2015). During the same period, women's labor force participation rate increased by 11 percentage points to 69.3 percent, albeit still substantially below the rate for men of 77.8 percent (Bundesagentur für Arbeit, 2016).

The reforms included updated parental leave rights and a substantial investment in childcare. Parents are entitled to three years of job-protected leave per child. Since 2007, 14 months of this leave is partially paid (at approximately two-thirds of prior salary) as long as each parent takes at least two months leave (BMFSFJ, 2016). As an incentive for mothers to return to work earlier, and to make leave more attractive to fathers, paid parental leave can be extended and combined with part-time work (BMFSFJ, 2016).

#### Schön Klinik's **Employee Profile** in 2016:

- 75% of its 9,500 employees nationally, and 75% of its 999 employees in Neustadt are women
- Women are 42% of nursing care staff, 11% of doctors, and 13% of heads of departments and senior management

#### Schön Klinik supports **employees with children** through:

- Free childcare centers during early and late shifts
- On-site childcare in some locations
- Subsidized summer camps
- 20 days emergency back-up care per year (in some locations)
- National hotline to provide advice on childcare and caregiving issues and help find care solutions
- Advisory service for finding nannies and babysitters
- Part-time work options in all positions and a variety of different working time options

#### **Main business impacts** of providing childcare supports:

- Employer of choice in competitive labor market
- Staffing for 24/7 operations



PHOTO: COURTESY OF SCHÖN KLINIK

SCHÖN KLINIK NEUSTADT STAFF WITH THEIR CHILDREN.

Investment in early and preschool education was substantially expanded, and, from 2013 onward, all children age one and older have been entitled to at least four hours of publicly provided childcare per day (European Commission, 2015). Although elementary schools still typically operate for only half of the workday, 60 percent of secondary schools now offer full-day options (European Commission, 2015). Yet, demand for childcare still substantially exceeds supply, particularly for children ages one to three, and for noncore times (early in the morning, later afternoon, and evenings). The demand for childcare for older children is better met (BMFSFJ, 2017). Only about half of all childcare provision for preschool children is full time (largely corresponding to parents' wishes), and only 17 percent of elementary school children are in all-day care (BMFSJ, 2017).

As part of efforts to increase the supply of childcare and improve the reconciliation of work-family life, the federal government has supported several initiatives. These include the support of knowledge-sharing networks for employers, the publication of company good practice examples, a free consulting service for companies interested in providing childcare, and financial subsidies for companies that invest in childcare supports (BMFSFJ, 2016).

This case study discusses how Schön Klinik, a private hospital group in Germany, supports its employees with children through subsidized workplace childcare, summer camps, flexible working, and other supports that make it possible for them to stay at work and be productive. Childcare supports contribute to making Schön Klinik an employer of choice in a highly competitive labor market and help the company staff its 24/7 operations. The study is focused on Schön Klinik Neustadt in Holstein (Neustadt) in the north of Germany.<sup>1</sup>

## COMPANY BACKGROUND

Schön Klinik is a private hospital group in Germany focused on orthopedics, neurology, surgery, and internal medicine. The group has 9,500 employees across 17 locations and serves approximately 100,000 patients annually. Schön Klinik is family-owned and was founded in 1985. The group follows a patient-focused quality-oriented strategy that was recognized in an international study as providing “striking improvements in outcomes and efficiency, and growth in market share” (Porter and Lee, 2013) and has won several awards for its quality management in healthcare. In 2016, Schön Klinik had revenues of 796.8 million euros (\$893 million) (Schön Klinik, 2017).

## **BUSINESS CONTEXT FOR SUPPORTING CHILDCARE**

Three quarters of Schön Klinik's employees are women, including half of its medical staff, and almost nine in 10 of its nursing care staff. As a hospital, Schön Klinik provides services around the clock and throughout the year. Although Schön Klinik's main focus is on orthopedics, rehabilitation, and psychosomatic care, specializations where services can be more easily scheduled than in some other medical disciplines, the Neustadt hospital also provides accident and emergency care to patients. Neustadt is a tourist resort in the north of Germany and demand for such services swells during the summer months, when the city's population doubles from 100,000 to 200,000. Supporting its staff so they are able to provide quality service when it is needed is a key business objective for Schön Klinik.

The labor market for doctors and skilled nursing care staff is highly competitive and expected to remain so into the foreseeable future in response to the aging population and retirement of the baby boomer generation of skilled workers (Blum and Löffert, 2010; Bundesministerium für Gesundheit, 2016). The majority of the new generation of doctors is female: 60 percent of medical students are women, and many expect a working environment that allows them to combine work and family (Bundesärztekammer, 2016). Schön Klinik Group Human Resources Specialist Michaela Preis explained, "There is a lot of competition in the hospital sector. Most of our staff could walk into a new job tomorrow if they wanted. We have to differentiate ourselves as a good employer if we want to retain a good workforce." The hospital is also competing for nursing care staff with the growing eldercare sector. Thomas Brachmann, Director of Personnel at Schön Klinik Neustadt, explained, "The eldercare facilities around here will take

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**Michaela Preis, Human Resources Specialist,  
Schön Klinik Group**

anyone with the required qualifications. The demand for skilled staff is very high." Although Neustadt itself is not a big city, several other cities are within easy commute.

Terms and conditions in some of the hospitals in the Schön Klinik Group are set by collective agreements, but even the Schön Klinik hospitals that are formally outside of these agreements tend to stick to the collective rates for most staffing categories. As a result, the Schön Klinik hospitals only have limited options in terms of offering higher salaries to improve recruitment and retention. Given considerable overcapacity in the German hospital sector and financial and structural reforms that tightly control reimbursement rates for medical procedures, hospitals also operate with tight margins. In response to these pressures, Schön Klinik differentiates itself through its emphasis on quality management, both as a provider of medical services and as an employer. Recognizing and supporting employees' responsibilities as family caregivers is an important component of Schön Klinik's philosophy.

## HOW SCHÖN KLINIK SUPPORTS EMPLOYEES WITH CHILDCARE NEEDS

Schön Klinik Group offers a large variety of childcare supports to its employees, including guaranteed spaces in a local childcare center, free childcare for workers in the early morning and late afternoon/evening hours, subsidized summer camps, back-up care, and free membership to a service that provides help with finding childcare or eldercare services. Schön Klinik also offers extensive options for working part-time and/or alternative shift patterns. The management of each of its 17 locations decides which of these childcare benefits to implement. At each location, any childcare benefit offered is open to all employees, irrespective of their gender or professional status.

At Schön Klinik Neustadt, employees benefit from on-site daycare for children younger than three years old (U3 in German parlance), extended opening hours, subsidized summer camps, and a consulting service to help workers find solutions to childcare and other care needs. The impetus for offering extended daycare and investing in childcare for under threes came when Dieter Schön, CEO and Chairman of the Board of Schön Klinik, attended the opening of a new hospital wing in Neustadt in 2009. He was approached informally by several employees who told him of their difficulties with finding childcare, especially during early morning and evening hours and for children younger than three years old. He committed then and there to the mayor of the city that Schön Klinik would work with the city to find solutions to the area's lack of childcare.



DIETER SCHÖN, CEO AND CHAIRMAN OF THE BOARD OF SCHÖN KLINIK, FACES QUESTIONS FROM THE PRESS AT THE OPENING OF THE NEW CHILDCARE CENTER FOR UNDER-THREES IN NEUSTADT.

PHOTO: COURTESY OF SCHÖN KLINIK

### Private-public partnership for an on-site childcare center

In February 2014, Schön Klinik Neustadt opened the doors to a new childcare center with 20 spaces for children ages 2 months (the earliest a mother is allowed to return to work after giving birth under German law) to three years. The 360-square meter U3 facility is on the hospital grounds and is the result of a private-public partnership (PPP) with the local city government. Schön Klinik provided the land, paid for two-thirds of the facility's construction costs, and is responsible for its maintenance. Building the facility took just seven months. The city has leased the building for 25 years and employs and pays for the staff. Barbara Hamann, Director of the crèche, explained that operating the crèche as a PPP has a lot of advantages for the company. In her words, "Running the crèche as a private-public partnership is much easier: if Schön Klinik had decided to run the facility itself, it would have been very complicated given all the regulations of childcare centers."



**“Running the crèche as a private-public partnership is much easier: if Schön Klinik had decided to run the facility itself, it would have been very complicated given all the regulation of childcare centers.”**

**Barbara Hamann, Director of crèche at Schön Klinik Neustadt**

Ten of the 20 crèche spaces are reserved for the children of hospital employees; the other 10 are open to all Neustadt residents (but currently include another three children of hospital staff). The center is operated by the city as a satellite of a larger childcare center that caters to children ages three to six (when primary school starts), with joint spaces for 100 children. Once children in the early care center reach age three, they transfer to other public childcare centers in the city. However, Schön Klinik has no reserved spaces for its staff at this and other centers for older kids in the city; allocation is prioritized for local residents. This transition period can be difficult for employees.

The fees for care are set by the city and paid by parents directly to the childcare facility. For infants and children younger than three, the fee for full-day care, from 7:30 a.m. to 4:00 p.m., is 390 euros (\$435) per month. For children aged three to six, full-day care is 194 euros (\$217) per month. There are also several part-day options for parents who work part-time, or who prefer part-time care for their children.

The manager of nursing care services at the hospital and father of a three-year-old who was in the crèche and is now transferring to the childcare center for older kids, explained, “The crèche was the reason that my partner, who manages nursing care services for one of the wards, came back to work just nine months after she gave birth to our son. We drop him off at 5:45 a.m. in the morning for a 6 a.m. start, and then she picks him up at 14:30 [2:30 p.m.].” Although there are core hours when parents cannot drop off or pick up, so as not to disrupt the children’s routines, parents have some flexibility in the drop-off and pick-up times.

### **Extended operating hours**

Since 2011, all publicly run childcare centers in the city, including the on-site early care center, offer extended hours, starting at 5:45 a.m. and potentially staying open until 8:30 p.m. Schön Klinik pays the city for the costs of extended care in all the city’s facilities; the use of the extended hours service is free for employees. In 2016, 35 employees, approximately half of them mothers, made use of the extended opening hours for their children.

The on-site early care center is open from 5:45 a.m. until 5:00 p.m. Initially, the center also offered extended evening hours until 8:30 p.m., but this was discontinued due to insufficient demand. According to Hamann, “Most queries about the availability of extended evening care come from parents before a child is born. But once the child is in the crèche, so far no one has wanted to use the extended evening option. Parents are covering those hours in other ways, through grandparents or by working alternative shifts so that one parent can drop off, and another pick up. So we no longer offer it.”

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**Barbara Hamann, Director of crèche at Schön Klinik Neustadt**

Although all Schön Klinik Neustadt employees can use one of the 10 reserved places in the crèche, services in the childcare centers in the city are prioritized for residents. Nonresidents can only use the public service if there is no waiting list from local residents. They also need their local government to agree to pay for the costs of the childcare place beyond the fees paid by the parent.

### **Emergency and back-up care**

Schön Klinik Group has contracted with a national service provider that can help employees find childcare and eldercare solutions, whether on a long-term basis or just in a crisis situation. The service can be accessed through a national hotline. The service is anonymous and Schön Klinik is only provided with a count of different types of inquiries, but no personal details. The service also acts like an agency, connecting families to care providers willing to provide in-home childcare or babysitting services. For routine daycare services, Schön Klinik carries the costs of using the service and the employee pays the costs of the actual care. In two of its locations, Hamburg and Munich, both large metropolitan areas, Schön Klinik offers its employees 20 days of fully paid in-home emergency back-up care per year. So far, however, it has not been possible to offer this service to employees of the Neustadt Klinik because of a lack of babysitters or caregivers available to offer such services at short notice.

Since the end of 2015, employees at Schön Klinik's administrative headquarters in Prien, at Lake Chiemsee in Bavaria, can use a "child and parent" room that is equipped with a PC, mats, and toys for children. The space is available to workers in a childcare emergency, for example, when their usual childcare arrangement falls through or when the child is mildly ill. Parents must stay with their children at all times. Such an arrangement, however, is not possible in Schön Klinik's hospital locations because children cannot accompany parents while they perform their work with patients in the medical wards.

## Summer camps

Schön Klinik Neustadt offers subsidized summer camps for children ages three to 12 years. Although public childcare centers often are open during school vacations in the spring or fall, typically they are closed during the six-week summer vacation period. Parents of school-age children typically have enough paid leave to cover shorter school holidays. Under German law, employees are entitled to a minimum of 20 days of paid vacation, and many have 25 or 30 days based on full-time work, prorated for part-time workers. However, school vacations during the summer can present a real challenge for many working parents. The availability of commercial summer camps is limited outside the former East German region, where it was—and still is—more common for mothers to work full time, supported by an extensive offering of childcare, including in the summer. In former West Germany, finding care can be more difficult. A female doctor explained, “Between my husband and I, we can cover the fall, winter, and spring school holidays of the kids through our normal paid leave, but the six-week summer period would be a real challenge. During the last six years my kids have used the summer camp. This keeps me working at Schön Klinik.” In 2016, 24 employee parents (12 female and 12 male) from Schön Klinik Neustadt used the summer camp for their children.

The Schön Klinik Group started the “SCHÖNe Ferien” summer camp program on a pilot basis in one of the hospital locations in 2010, and now offers the program at all of its locations.

Children can attend full time or part-time for a fee of 2 euros (\$2.25) per hour, reduced to 1.70 euros (\$1.90) for siblings. The fee represents one-third of the costs, and Schön Klinik carries the other two-thirds, paid directly to the provider. The fee is the same for all parents, irrespective of their earnings;

however, single mothers or fathers in lower-paid positions can apply to Schön Klinik for a 50 percent reduction of the fee. Lunch, snacks, and all costs for trips and activities are included. Parents sign disclaimers, acknowledging that they carry any risk of injury while their child is at the camp.

## Maternity, parental, and other paid leave

Mothers and fathers at Schön Klinik are entitled to Germany's statutory parental leave. Birth mothers receive 14 weeks of paid maternity leave (of which eight weeks must be taken after the birth). The leave is paid at 100 percent of previous salary, largely paid by the employer with some contribution from the employee's healthcare insurance (Blum, Erler, and Riemer, 2016). Each parent is entitled to up to three years of job-protected leave, of which 24 months can be taken until the child is eight years old. Parents can receive up to 14 months of parental leave per child, as long as each parent takes at least two months; the remainder can be freely shared between parents. Payment is approximately two-thirds of prior salary (depending on the earnings level) and is paid by the federal government (BMFSFJ, 2016).

Parents of children born since 2015 can alternatively use Parental Leave Pay Plus, which allows them to extend the period of paid leave to 24 months (28 months if both parents take leave) at half of their pay and combine it with up to 30 hours of part-time work per week. Since 2001, both mothers and fathers have had the right to shift to part-time work, with

**“My kids have used the summer camp for the last six years. This keeps me working at Schön Klinik.”**

**Doctor, mother of four children,  
working part-time**

**Parental Leave at Schön Klinik in 2016**

- 514** women were on parental leave in Schön Klinik (7% of all female employees), including 53 in Neustadt.
- 9** men were on parental leave in Schön Klinik (0.4% of all male employees), including three in Neustadt.

a right to return to full-time work once their child is three years old.

In 2016, 7 percent of women employed by Schön Klinik (514 women across its locations, including 53 in Neustadt) were on maternity/parental leave. Most mothers in nursing care jobs take a full year of leave and return to work on a part-time basis once the period of paid leave is over. Among doctors it is more common to return after six months of leave, but working part-time following leave is not uncommon. Typically, mothers no longer breastfeed once they return to work, and Schön Klinik Neustadt does not have a dedicated breastfeeding location.

Fathers are less likely to take parental leave, and the overwhelming majority of employees (98 percent across Schön Klinik and 95 percent in Neustadt) who take parental leave are women. Still, the number of fathers taking parental leave is growing. In 2016, across the Schön Klinik Group, nine fathers were on parental leave (0.4 percent of all male employees), including three fathers in Neustadt.

Under German law, employees are entitled to 10 days of paid leave to care for a sick child (capped at 20 days for parents of four children or more). These leave days are remunerated at 67 percent of salary, paid by the employee's healthcare insurance. Schön Klinik recognizes that often when a child is sick parents may prefer to provide care themselves. Yet, given the costs of absenteeism, Schön Klinik is exploring ways of providing emergency back-up options to parents, as described earlier.

**Working time flexibility**

Schön Klinik Neustadt offers an array of alternative work arrangements. The majority of its employees—66 percent of its female and 18 percent of its male workforce—work part-time. Part-time work is common across different types of work in the hospital, including among doctors. Male part-time workers are most common in nursing care jobs. One mother explained that when she returned from maternity leave, she

**"Some of our nursing care staff with kids work only nights, some work three days per week. We and they are keen to stay connected after childbirth. We have good scheduling software and can be very flexible."**

**Thomas Brachmann, Director of Personnel,  
Schön Klinik Neustadt**

sat down with her clinical director and discussed the working hours that would fit best for her and her team. Some wards and specialties are easier than others in terms of customizing working hours; she works in orthopedic rehabilitation, where there is high level of part-time work.

Thomas Brachmann, Director of Personnel at Schön Klinik Neustadt, explains that given scheduling software, dealing with varying shifts and working time preferences is not too time intensive. However, he stressed that working time flexibility has to be give and take, respecting both the needs to provide 24/7 service and the work-family needs of employees. All employees will at some stage be expected to work less popular night or weekend shifts, he explained. To avoid backlash, working less popular shifts cannot solely be the task of employees with fewer care needs.

## **BUSINESS IMPACT OF SCHÖN KLINIK'S CHILDCARE BENEFITS**

Childcare supports are an essential part of Schön Klinik's efforts to recruit and retain medical staff in a tight labor market. They are also integral to running 24/7 services and to realizing the company's quality-focused business strategy.

### **Cost of providing childcare**

Under the agreement with the City of Neustadt, Schön Klinik Neustadt contributed two-thirds, or 870,000 euros (\$975,000), to the cost of building the crèche on the grounds of the hospital, and the city contributed 380,000 euros (\$425,000) (Schön Klinik, 2014). The building is the property of Schön Klinik and has been leased to the city for 25 years. These costs were carried centrally by the Schön Klinik Group. Under the agreement, the city and Schön Klinik each agreed to pay for half of any operational costs not covered by fees collected

**"Thirty years ago, when the field of orthopedics and rehabilitation started to take off, hospitals could pick the doctors they wanted. Now it is the reverse, and doctors can pick the hospital they want."**

**Dr. Peter Sand, Clinical Director for Rehabilitation and Director of Quality Assurance, Schön Klinik Neustadt**

from parents or from other sources. The costs for Schön Klinik were approximately 90,000 euros (\$105,000) in 2016. Schön Klinik Neustadt is also responsible for maintenance and repairs on the building; these services are provided by Schön Klinik Neustadt's general maintenance staff. The crèche staff are directly employed and paid by the city.

Schön Klinik Neustadt also pays the costs for the extended opening hours in the crèche and the preschool centers for older children, as well as the costs for the summer camp. Together these costs were approximately 90,000 euros (\$105,000) in the last financial year, or 10,000 to 20,000 euros per location per year were specifically for the summer camp.



**“Many young families are attracted to Neustadt because it is a family-friendly small town. Yet, the first question we will typically get from potential applicants is, ‘Will I have a space in a childcare center?’”**

**Thomas Brachmann, Personnel Director,  
Schön Klinik Neustadt**

### Benefits for recruitment

Childcare supports are an essential component of Schön Klinik Neustadt’s recruitment package. After experiencing a considerable surplus of doctors and other medical staff in the 1990s, hospitals now face shortages, which are expected to last into the foreseeable future. The number of female doctors is increasing rapidly, and female, as well as male, doctors expect good work-life balance, including supports for working parents. Dr. Peter Sand, Clinical Director for Rehabilitation, Director of Quality Assurance, and a specialist in rehabilitation, explained that, unlike in the past, doctors can pick where they want to work. The labor market for nursing care staff is similarly tight, and is expected to remain so well into the foreseeable future. Thomas Brachmann, Director of Personnel at Schön Klinik Neustadt, explained that the hospital benefits from its idyllic location in a family-friendly small town by the sea, which makes it attractive to young families. Yet, one of the first questions asked by many applicants is whether they will be able to get a space in a childcare center.

Childcare supports is one of several benefits offered by Schön Klinik Neustadt to set itself apart as an attractive employer. Other benefits include a focus on employee engagement and involvement, starting with a structured induction period for employees, a staffing ratio that is perceived as allowing enough time for patient care, a proactive approach to meet employees’ working time preferences, and access to its private healthcare services for all employees, irrespective of their individual insurance coverage.

### Benefits for retention

Childcare supports also help Schön Klinik Neustadt retain experienced staff. The impact is particularly strong for new parents, but having a childcare center also reduces the likelihood that an employee will leave for another job. Staff turnover is approximately 10 percent at Schön Klinik Neustadt, lower than in the hospital sector overall, according to Brachmann. The 10 percent turnover rate partly reflects the inevitable movement of junior doctors to expand their experience and medical expertise; turnover for nursing care staff is lower.

Having childcare on-site makes a critical contribution to improving maternity return rates, and to encouraging a return that is before the end of a parent’s full leave allocation. Crèche staff help new parents transition to their new status of being both a parent and an employee. “The crèche makes a big contribution by helping new parents to transition back to work. New parents are often very nervous whether they will be able to manage both work and care, whether it is good for their child if they come back to work. The crèche provides good care, and it links them to other parents in similar situations,” said Brachmann.

Replacing experienced nursing care staff is costly and difficult. Much of the knowhow of Schön Klinik's staff is firm-specific, making it difficult to hire someone who can step straight into a full task load. The director of nursing care services estimates that it takes about three months for an experienced qualified nurse to be a fully productive team member. It takes considerably longer for a newly hired, newly qualified nurse to become fully productive. During the first three months the new nurse mainly observes other members of the team; during the following three months he or she is expected to perform about 30 to 40 percent of a full task load, with about another 10 percent each of the following months until the employee is fully productive. In specialist positions, such as intensive care or surgical nursing care, it takes up to two years. It also takes a new junior doctor about six months to be able to carry a full load because during the initial months, he or she will primarily shadow an experienced doctor. The costs resulting from lower productivity are additional to any costs directly related to recruitment and selection or to the costs for temporary replacement of staff who have left.

The monthly salary for a relatively junior nurse is 3,000 euros<sup>2</sup> (\$3,360). Conservatively estimating a cost of approximately four months' salary to hire and train a new staff member (there are no well-established estimates for the replacement costs of healthcare staff (Jones and Gates, 2007)), the savings from preventing one staff member from leaving because of lack of childcare are 12,000 euros, and 120,000 euros for the 10 infant care places reserved for Schön Klinik staff in the childcare center. These retention-related costs alone cover Schön Klinik's annual costs for childcare. In addition, the prospects of a crèche are also likely to motivate workers with more long-term plans of having a family, and thus are multiplied beyond those who directly benefit in any given year.

### Supporting 24/7 operations

As a hospital, Schön Klinik Neustadt is open 24 hours each day and needs to have care staff on-site to provide services. Childcare supports make this possible. Providing childcare supports for parents during early morning hours ensures that staff are available to provide services during the morning shift. Ensuring that parents are supported through summer camps during summer vacations, when usual childcare arrangements are often not available but when demand for services tends to be particularly high at the hospital, improves staffing during this critical period. The cost of the summer camp subsidy provided by Schön Klinik is easily covered by the benefits of greater staffing availability and reduced need for temporary staff during summer months.

**“Even if we do not offer crèches everywhere, all our locations offer some supports for employees with kids. But we need to communicate more about the different options. Employees are not aware of how much support we offer and how much we invest.”**

**Michaela Preis, Human Resources Specialist,  
Schön Klinik Group**

## Quality management

Schön Klinik Neustadt has won several quality awards. For a private hospital that largely provides elective surgery and nonacute care, where patients have time, and information, to choose between providers, excellent quality ratings are a critical competitive advantage. All staff are trained in essential team processes to ensure quality; predictability and reliability of staffing are essential elements for delivering quality services. As Sand explained, “As long as there is predictability, everything is fine.” Childcare supports contribute to predictability by improving attendance and retention of staff trained in the quality processes and procedures used in the hospital.

## LESSONS LEARNED

Given the German hospital sector’s tight labor market and its largely female workforce, offering childcare benefits is arguably no longer optional. Schön Klinik has recognized the importance of offering family supports to its employees, and now provides a comprehensive set of childcare-related benefits across its 17 locations. However, in light of the different childcare and labor market environments that characterize its 17 locations, Schön Klinik follows a decentralized approach to the benefits it offers to employees with children. “All of our locations offer at least something, but what precisely varies and is up to local management. Rural locations have different needs and options than urban locations. Regulations, such as the ratio of staff to children, differ across regions; different locations have different recruitment and retention needs. Only summer camps are offered in each of our locations,” explained Schön Klinik Group Human Resources Specialist Michaela Preis.

## Working with partners

Schön Klinik Neustadt draws on the services and cooperation of a variety of childcare specialists to offer childcare services in a cost-effective manner. This includes partnering with the City of Neustadt for its crèche provision and contracting with private providers on the summer camps and on providing access to childcare and care-specific consulting and referral services.

## Systematic needs analysis

To assess demand, every five to seven years, hospitals conduct dedicated staffing surveys on the need for childcare and other care supports. Importantly, as Preis explained, such surveys are only conducted if a hospital is willing to invest in childcare solutions as any such survey will raise expectations. Survey data can help to identify needs and target scarce childcare resources. One recent survey found that there was a lower than expected demand for childcare spaces, not least because some of the female doctors reported that their husbands or partners were the primary carer or had jobs, such as in teaching, that gave them more flexibility for working around childcare schedules.

**“If we want to have good doctors, we have to do even more on work-family benefits. The health sector has fallen behind employers in other sectors.”**

**Michaela Preis, Human Resources Specialist,  
Schön Klinik Group**

**“The babysitting service tried to help find someone to pick up my son from the childcare center at 3 p.m. while I am still at work. It is impossible around here.”**

**Doctor, mother of four children**

On-site childcare is currently only offered in four of Schön Klinik’s locations. In some locations, public investment in childcare is now covering most of the demand for standard care. Yet, because of considerable commutes for many of its staff (in more rural locations, commutes of 50 to 70 km are not uncommon), on-site childcare is not necessarily a solution that is very attractive to employees.

### **Constraints on expanding childcare supports**

Similar to many German employers, particularly in the 24/7 service sector, Schön Klinik continues to be impacted by the lack of childcare provision outside of normal childcare and school hours. The small town or rural locations of most of its hospitals limit the ease with which some options can be offered. For example, ideally Schön Klinik would offer emergency back-up in-home care service at most locations. However, currently this benefit can only be offered in its two large city locations where there is a ready supply of caregivers interested in doing such work. In the smaller and more rural locations, it has not been possible to find people available on a short-term casual basis and/or willing to work during the

early morning or late evening hours when such services are needed. A doctor and mother of four children recounted, “The babysitting service tried to help find someone to pick my son up from the childcare center at 3 p.m. while I am still at work. It is impossible around here.” Schön Klinik is exploring alternative options with its corporate partner.

Such constraints on childcare availability in the later afternoon also reflect traditional beliefs about the responsibilities of mothers, still held by many in the communities around Neustadt. Parents reported that it is hard to find care in the afternoon, from 3 to 6 p.m., when many childcare centers are closed. One mother noted, “In our area, they do not even offer something like a school bus to take children home at 3 p.m. The assumption is that as mothers we should not be at work in the afternoon, and should be able to pick up our children ourselves.” The director of nursing care explains that this lack of full-day care is a problem for many of his staff. He estimates that approximately half of them have young children. Some have parents or in-laws who can step in, but many, particularly among the medical staff, have no nearby family. While Schön Klinik has taken steps to expand the supply of such care, its ability to progress will at least partly depend on changes in gendered cultural expectations in the communities in which it has locations.

Schön Klinik has made considerable progress in retaining parents and finding scheduling solutions that meet both the parents’ and the hospitals’ needs. Given that the working time preferences of parents are often fairly identical, as a result of school and childcare hours, the company is exploring more proactive ways of putting together teams and working groups to cater to diverse working time preferences.

## Endnotes

- Interviews for this case study were conducted in person by IWPR staff in Neustadt in Holstein in January 2017 with a cross-section of Schön Klinik staff, including the Group's Human Resource Specialist for Work-Life Benefits; Schön Klinik Neustadt managers for human resources, benefits, quality control; three employees using childcare facilities; and the director of the childcare center.
- Estimate is based on rates for a nursing care worker with five years' experience (PraktischArzt, 2017a). The starting salary of a junior doctor is approximately 4,300 euros (\$5,060), and of a specialist 5,560 euros (\$6,540) (PraktischArzt, 2017b).

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## SECTION 7 *continued*

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## SECTION 7 *continued*

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# Endnotes

- 1 The Global Goals for Sustainable Development, Goal 4. Accessible at <http://www.globalgoals.org/global-goals/quality-education/>
- 2 The 11 countries are Brazil, Chile, Ecuador, India, Iraq, Japan, Jordan, The Netherlands, Turkey, Ukraine, and Vietnam.
- 3 Since 2007, the ILO/IFC Better Work Program has been partnering with 30 international clothing brands in eight countries to improve and monitor legal compliance and create safe, clean, and equitable working environments. Accessible at <https://betterwork.org/>
- 4 Interview in Better Work Jordan's video "On site nurseries, supporting Jordanian working mothers," published in 2017 and accessible at <https://www.youtube.com/watch?v=JY2zsithlqA>.
- 5 Regulation on "Work Conditions of Pregnant or Nursing Women, Lactation Rooms and Child Care Units, Article 13," issued in the official journal No. 28737, dated August 16, 2013; Article 74 of Labor Law No.4857.
- 6 Quote taken from a Mobile Creches video clip of interviews with women construction workers, "Nurturing Childhood: Sowing Change," published in 2008. Accessible at <https://www.youtube.com/watch?v=b2-uvzFRGEg>
- 7 The research on the impact of childcare supports on employee commitment, motivation, and performance suggests that it is less straightforward than its impact on absenteeism and intentions to stay with the company. Supervisor behavior is one important variable influencing impact; other factors may be related to family reaction to use of childcare, and the broader cultural environment for care (Butts, Casper, and Yang, 2013; Wang, Lawler, and Shi, 2011; Kossek and Ozeki, 1999).
- 8 This section draws substantially on two guides for companies exploring childcare supports: BMFSFJ (2013) and Burud, Aschbacher, and McCroskey (1984)
- 9 For a recent review of the literature on the relationship between the cost of childcare and mothers' decisions to work, see Gong, Breunig, and King (2010).
- 10 Based on information provided by JPMorgan Chase & Co. in March 2016 referenced in Niethammer (2016).
- 11 See IKEA Malaysia [http://www.ikea.com/ms/en\\_MY/this-is-ikea/working-at-ikea-southeast-asia/index.html](http://www.ikea.com/ms/en_MY/this-is-ikea/working-at-ikea-southeast-asia/index.html); IKEA USA [http://www.ikea.com/us/en/about\\_ikea/newsitem/120616\\_new\\_IKEA-US\\_parental\\_leave\\_policy](http://www.ikea.com/us/en/about_ikea/newsitem/120616_new_IKEA-US_parental_leave_policy)



# Annex A. Case Studies: Overview of Research Objectives and Typical Schedule for Interviews

## IFC RESEARCH PROJECT: THE BUSINESS CASE FOR EMPLOYER-SUPPORTED CHILDCARE

### Company study visit: Purpose and proposed interviews

The purpose of the case study visit and interviews is four-fold:

- To gain a good understanding of **what childcare benefits are offered**/why/at what costs/any challenges in setting up the policies/changes in policy design over time/uptake and lessons for others wanting to follow suit.
- To understand **how childcare benefits fit into a broader strategy** of supporting employees' caregiving needs.
- To gain a **qualitative understanding of the impact of the benefit** (for example on attraction, retention, motivation, recruitment, training, promotion; on specific work processes/customers/business objectives).
- To, as far as possible, **quantify both costs and benefits**.

### Interviews

- A visit to a case study company typically takes two to three working days, and interviews are typically carried out at company headquarters and with staff at one other location where relevant (remotely if in-person interview not feasible).
- Having a worksite tour is useful as part of the opening day to understand the overall company structure and operations.
- Quality time with managers is important, as their insights are key to the overall understanding of the company and the business benefits of investing in childcare support.
- Companies have particularly valued a debriefing meeting on the last day of the visit, for which some preparation time is needed from the researchers' end. At that meeting, researchers will provide insights and check back on key messages and findings.

To be able to make a thorough assessment of the business impacts of childcare supports for employees, the aim is to conduct the following interviews:

Position	Timing	Purpose
Director/CEO (with HR manager and other relevant senior managers present)	Day I 30 mins (at start of visit)	<ul style="list-style-type: none"> <li>Understand the strategic objectives of the company, key business challenges and opportunities</li> <li>Understand the role of human resource management and diversity strategies in meeting company strategic objectives</li> <li>Understand how childcare and other benefits related to work-life balance relate to the overall business objectives of the company</li> </ul>
HR director	Day I 60–90 mins	<ul style="list-style-type: none"> <li>Understand overall company human resource management (HRM) strategy and goals</li> <li>Understand how childcare supports fit into a broader diversity and inclusion strategy</li> <li>Understand specifically the role of childcare and care supports in the attraction, recruitment, retention, and promotion of employees and the human capital strategy:               <ul style="list-style-type: none"> <li>How childcare supports benefit staff and the business</li> <li>How childcare supports fit into the overall compensation strategy</li> </ul> </li> </ul>
HR manager responsible for childcare benefit (may be part of discussion above)	Day I 60–90 mins	<ul style="list-style-type: none"> <li>History of implementation</li> <li>Understand overall company HRM approach, and specifically the role of childcare in the attraction, benefits, recruitment, retention, and promotion of employees and in human capital strategy:               <ul style="list-style-type: none"> <li>How childcare benefits staff and the business</li> <li>Any difficulties or barriers associated with introducing and providing childcare benefits</li> </ul> </li> <li>Any difficulties or barriers associated with introducing and/or running childcare support (regulatory)</li> <li>Main costs associated with the childcare benefit and its place in broader benefits and compensation strategy</li> <li>Employees qualifying for benefit; usage rates over time</li> <li>Communication of childcare benefit internally and externally</li> </ul>

Position	Timing	Purpose
Finance manager	Day I 45 mins	<ul style="list-style-type: none"> <li>Understand KPIs for the company and discuss the indicators that could be considered when establishing return on investment (ROI) of care investments</li> <li>Understand how the company measures productivity</li> <li>Understand how the costs and benefits of childcare (e.g., retention, recruitment costs) fit into financial reporting frameworks</li> </ul>
Sustainability and diversity manager	Day I 30 mins	<ul style="list-style-type: none"> <li>Understand how childcare support provision dovetails with company corporate social responsibility (CSR) activities and diversity and inclusion strategy</li> <li>Understand how legislative and/or social compliance benefits from investing in childcare support</li> </ul>
Line managers/supervisors (2 or 3) (with and without direct reports who use the childcare program)	Day I & II 30 mins each	<ul style="list-style-type: none"> <li>Establish the business impact of managing employees with care responsibilities who have/do not have childcare supports</li> </ul> <p>This will help to establish the qualitative/quantitative costs of a worker leaving the company (i.e., recruitment, training, lost productivity) or of unanticipated and anticipated absences. It can also help to assess the impact on motivation of employees (with/without childcare benefits).</p>
Manager of childcare facilities	Day II 60-90 mins	<ul style="list-style-type: none"> <li>Tour of childcare facility/facilities (where relevant)</li> <li>Understand details relating to childcare support provision, operational challenges, history over time, future possibilities</li> <li>Draw on center manager's insights for understanding impact on employee performance at work</li> </ul>

Position	Timing	Purpose
Employees (men and women, different ages, those who use the benefit, but possibly also employees who do not use it to assess the impact of the childcare facilities on colleagues)	Day II Focus group discussions, typically 2–3 groups no larger than 6–7 people, lasting around 60 minutes (depending on size and need for translation)	<ul style="list-style-type: none"> <li>Understand employee attitude to childcare support provision, costs, benefits, challenges</li> <li>Capture real-life examples of impact of (lack of) childcare supports for case study</li> </ul>
Final debriefing meeting: HR managers and other senior managers as interested/ relevant	Day III 60–90 mins	<ul style="list-style-type: none"> <li>Feedback from researchers on findings from interviews</li> <li>Opportunity for researchers to identify open questions and clarify messages</li> </ul>

## DATA REQUEST SENT TO COMPANY IN PREPARATION FOR CASE STUDY VISIT

**Workforce data for establishing baseline for evaluating impact of childcare facility**

**Baseline data for 2016 (or most recently available year)**

### 1. Workforce statistics\*

- Overall numbers of workers (separately by gender)
  - Indicate how many are part time if relevant (separately by gender)
  - Indicate how many are temporary if relevant (separately by gender)

\*If available, it would be helpful to have these data broken down by type of staff:

- Managers (separately by gender)
- Supervisors (separately by gender)
- Administrative staff (separately by gender)
- Operational workers (separately by gender)

## 2. Working parents

- Numbers of workers with children (separately by gender) (birth to age at which compulsory schooling ends)
- Number of women with children younger than four years of age, ideally broken down by:
  - o Women with infants (under age one)
  - o Women with toddlers (between age one and two)
  - o Women with young children (ages two and three)

## 3. Maternity/paternity/parental leave

- Number of women who went on maternity leave
- Number of women who returned from maternity leave and were still employed a year later
- Number of men who went on paternity/parental leave
- Number of men who returned from paternity/parental leave and were still employed a year later

## 4. Absenteeism

- Number of days lost/absenteeism rate for:
  - o All employees (separately by gender)
  - o All women with children younger than four (or younger than start of compulsory primary school education), ideally broken down by:
    - Women with infants (under age one)
    - Women with toddlers (between age one and two)
    - Women with young children (ages two and three)

## 5. Employee turnover

- Number of employees (separately by gender) who resigned/voluntarily left the company
- Number of women with children younger than four who resigned/voluntarily left the company

## 6. Recruitment

- Total number of job applicants (separately by gender)
- Total number of job applicants with children under age four
- Number of job applicants who say they have heard of the new crèche
- How important was the crèche to their decision to apply for a job at this company?

## **Childcare-specific costs (workplace crèche)**

## 7. Time and resources spent on developing the crèche

- Staff time for planning and supervising construction of crèche
- Costs of crèche construction:
  - o Architect firm
  - o Building and materials
  - o Furnishings and equipment
  - o Licensing process
  - o Consultants and lawyers
  - o Other direct costs

## 8. Costs of crèche operations

- Salary costs for childcare center staff
- Meals
- Books
- Transport
- Insurance
- Electricity and water

# Annex B. Is an On-Site Crèche the Right Solution? Factors to Consider

## Establishing an on-site crèche involves several specific implementation issues:

- **Capacity.** For companies with more leeway, a starting point may be to consider economies of scale. For companies wanting to invest in an on-site crèche, it makes sense to intend to cater to a substantial number of children (although smaller scale options are always possible). Burud, Aschbacher, and McCroskey (1984) suggest that on-site crèches begin to make sense for at least 30 children and cite examples of facilities for up to 300 children; Krishnan (2017) for India and Linhart (2012) for Germany offer examples of companies with childcare facilities for just 20 or 25 children. When there are fewer children than that, other solutions may be more appropriate given the effort and expense of setting up on-site care, particularly when the provision of childcare is subject to extensive regulation. Alternatively, if the company is located near other employers or parents looking for childcare, opening the crèche to users who are not employed by the company can bring up numbers and fee income.
- **Location.** Location is a key consideration, particularly as it relates to ease of access for parents. **Mindtree's** Bangalore HQ is in a technology park, and the workplace crèche can be easily and safely reached by parents coming by car to drop off their children. In locations where Mindtree has fewer employees and no on-site crèche, it offers alternative childcare solutions near its offices. **MAS Kreeda Al Safi-Madaba** provides bus transportation to its employees and is currently weighing solutions to make transport safer for children. However, many parents may not feel that it is appropriate or safe to take children on long commutes, as is the case in Cambodia's garment

sector, where working parents often travel long distances from rural areas to industrial zones in the absence of reliable public transport (Better Work Cambodia, 2017).

- **Safety.** The safety of the work environment is likely to be the key factor in parents' acceptance of worksite care. Many workplaces can be very noisy, may involve work with potentially toxic or inflammable materials, or emit pollutants that are not appropriate for children. Safety was a key consideration for **Borusan Mannesmann**, a steel pipe manufacturer in Turkey, when it was considering the feasibility of a crèche on factory grounds (and a key reason for deciding against it). At **MAS Kreeda Al Safi-Madaba**, children are not allowed in the garment factory, but the company was able to set up a safe area for its crèche that is blocked off from factory areas and has a separate entranceway. Of course, in some high-risk environments, a workplace crèche may be appropriate, such as for **Afrifresh**, where workers live on farms with young children, or for construction employers that Mobile Creches works with in India, where workers may not have other options than bringing their children to work even though the environment is potentially dangerous for them.
- **Space.** Once the overall size of demand and locational feasibility have been considered, the next question concerns whether it is cost effective to dedicate space to childcare. In many countries, crèches must meet minimum space requirements, and they may include more detailed specifications, such as in Turkey, which has a mandate for workplace childcare centers to be on the ground floor, with access to a garden (World Bank Group, 2018). In densely urban environments with high rents, it may not be possible or cost effective



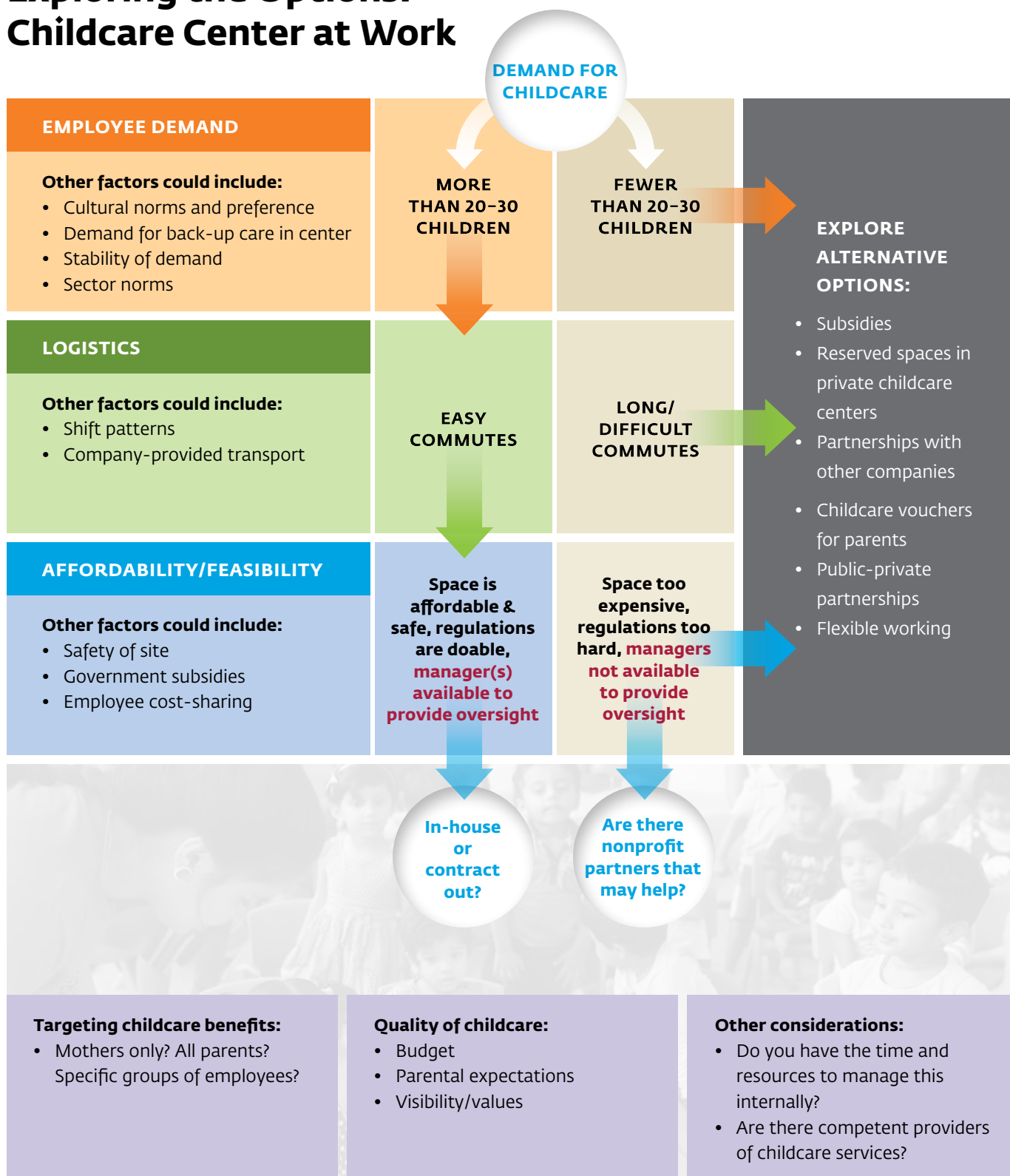
to meet these requirements. If sufficient space is available, the next step is to assess the potential costs of providing childcare.

- **Fees.** Several factors will impact whether, and at what level, companies can share the costs of childcare with parents through fees, such as parents' level of earnings, attitudes to the employment of mothers of young children, and employee perceptions of value and quality. Research from Turkey, for example, suggests that the demand for childcare is highly influenced by the price for care; even at comparatively low fees, parents often opt instead for mothers to stay home to provide childcare themselves (World Bank, 2015). One of the main reasons why there is still scope for greater uptake of the childcare centers established in OIZs as part of **Borusan's** "My Mom's Job Is My Future" initiative is that fees are considered too high by factory workers, despite them being considerably lower than the Turkish national average (World Bank, 2015). **Martur** in Turkey, employing mostly operators who are paid slightly above minimum wage, covers all the fees of childcare, realizing that not doing so would reduce the impact of its childcare strategy and cost more in the longer run. **Hindustan Unilever**, with its corporate childcare partner, began by offering corporate childcare at a subsidized rate, in part to overcome skepticism from parents about putting young children in center care and in a context where cost itself was less of an issue for the largely professional workforce. Once parents saw the high level of quality of care available at the center, Hindustan Unilever was able to bring down

the subsidy from 65 percent to zero percent currently (Krishnan, 2017).

- **Operate directly or contract with commercial or nongovernmental partners.** In many emerging and developed economies, a number of corporate childcare providers offer services for setting up and running crèches (or family daycare home networks) on a fee-paying basis, including for example, Founding Years Learning Solutions India Private Limited, the parent company of India's largest high-quality system of pre-school and day care centers—KLAY Schools and TLC—or Bright Horizons and Care.com, which operate in many markets. **Safaricom** uses an external private sector operator to run its on-site crèches, as the company wanted to ensure that care is from an independent, qualified childcare provider. **Mindtree** constructed a crèche on its new HQ site and subcontracts the center's operation to corporate childcare providers. To help develop the commercial childcare sector, and avoid becoming too dependent on any one provider, **Mindtree** switches providers every three years. **Martur** is partnering with three childcare centers to better meet differences in demand for childcare at different ages and locations.

## Exploring the Options: Childcare Center at Work



# Annex C. Further Reading

## MAKING THE BUSINESS CASE FOR INVESTING IN WOMEN

**The Business Case for Women's Employment in Agribusiness** IFC. 2016. Washington, DC: International Finance Corporation. [http://www.ifc.org/wps/wcm/connect/5fd23be4-e410-4a62-b38f-750d696a990e/Women\\_in\\_Agribusiness\\_Report+03.06.17cs-covers.pdf?MOD=AJPERES](http://www.ifc.org/wps/wcm/connect/5fd23be4-e410-4a62-b38f-750d696a990e/Women_in_Agribusiness_Report+03.06.17cs-covers.pdf?MOD=AJPERES)

*This IFC report explores the business rationale for supporting women's employment in the agricultural sector, a key area of employment for women across emerging and developing markets, and provides evidence from international case studies of five agribusiness companies.*

**The Power of Parity: How Advancing Women's Equality Can Add USD 12 Trillion to Global Growth** McKinsey & Company [Woetzel, Jonathan, Anu Madgavkar, Kweilin Ellingrud, Eric Labaye, Sandrine Devillard, Eric Kutcher, James Manyika, Richard Dobbs, and Mekala Krishnan]. 2015. New York: McKinsey & Company. <http://www.mckinsey.com/global-themes/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth>

*This McKinsey Global Institute report analyzes the economic consequences of gender inequality and concludes that if the status of women in all countries improved at the rate of their fastest-improving neighbors, as much as USD 12 trillion would be added to global growth by 2025.*

**Investing in Women's Employment: Good for Business, Good for Development** IFC. 2013. Washington, DC: International Finance Corporation. <http://www.ifc.org/wps/wcm/connect/5f6e5580416bb016bf1b1bf9e78015671/InvestinginWomensEmployment.pdf?MOD=AJPERES>

*This IFC report provides six international case studies of businesses that are successfully investing in women's employment, in addition to presenting best practices for supporting female workers and for evaluating the benefits of investing in women's employment.*

**Women, Work, and the Economy: Macroeconomic Gains from Gender Equity** IMF Staff [Elborgh-Woytek, Katrin, Monique Newiak, Kalpana Kochhar, Stefania Fabrizio, Kangni Kpodar, Philippe Wingende, Benedict Clements, and Gerd Schwartz]. 2013. IMF Staff Discussion Note. Washington, DC: International Monetary Fund. <https://www.imf.org/external/pubs/ft/sdn/2013/sdn1310.pdf>

*This publication summarizes the macroeconomic gains that could come from increases in female labor market participation at various levels of employment and provides an overview of policies that support and foster women's employment.*

**SheWorks: Putting Gender-Smart Commitments into Practice** IFC. 2016. Washington, DC: International Finance Corporation. <http://www.ifc.org/wps/wcm/connect/3dbbf98a-f919-408e-bcao-700e4c5efecd/SheWorks+Final+Report.pdf?MOD=AJPERES>

*This IFC report presents a variety of private sector promising practices for recruiting, retaining, and advancing women in the workforce to help companies recognize and realize the business benefits of workplace gender diversity.*

## THE BUSINESS CASE FOR INVESTING IN CHILDCARE

**Workplace Solutions for Childcare** ILO [Hein, Catherine and Naomi Cassirer]. 2010. Geneva, Switzerland: International Labour Organization. [http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms\\_110397.pdf](http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms_110397.pdf)

*This ILO publication provides an overview of a variety of workplace solutions for childcare, potential partners for such initiatives, and important considerations that employers can keep in mind in pursuing childcare support strategies. The report also provides insights from 10 case studies from both developed and developing countries around the world.*

### **The Lasting Impact of Employer-Sponsored Child Care: United Kingdom and Ireland**

Bright Horizons Family Solutions. 2009. Watertown, MA: Bright Horizons Family Solutions. <https://blogs.brighthouse.com/saw/the-lasting-impact-of-employer-sponsored-child-care-united-kingdom-and-ireland/>

*This publication summarizes the results of a Bright Horizons survey conducted among working parents in England, Scotland, Wales, and Ireland to evaluate the impacts of on-site childcare. The report suggests that employees value employer-sponsored childcare and that such benefits may increase employee retention and engagement while reducing absenteeism.*

### **Kids at Work: The Value of Employer-Sponsored On-Site Child Care Centers**

Connelly, Rachel, Deborah DeGraff, and Rachel Willis. 2004. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

*This book explores the history of employer-sponsored childcare in the United States and evaluates whether and how employees value such benefits. The authors find that not only do working parents benefit from on-site childcare, but nonparents and employers benefit as well.*

### **Unternehmen Kinderbetreuung: Praxisleitfaden für die Betriebliche Kinderbetreuung [Corporate Childcare: Practical Guide, in German]**

BMFSFJ (Bundesministerium für Familie, Senioren, Frauen und Jugend). 2013. Berlin, Germany: German Federal Ministry for Families, Seniors, Women, and Youth. [https://www.erfolgsfaktor-familie.de/fileadmin/ef/data/mediathek/Unternehmen\\_Kinderbetreuung\\_Praxisleitfaden.pdf](https://www.erfolgsfaktor-familie.de/fileadmin/ef/data/mediathek/Unternehmen_Kinderbetreuung_Praxisleitfaden.pdf)

*This guide, sponsored by the Federal German Ministry for Families, provides examples of companies that have successfully implemented childcare supports in addition to practical, step-by-step guidance for companies interested in supporting their employees' childcare needs.*

## **EXAMPLES OF SURVEYS FOR ESTABLISHING CHILDCARE NEEDS**

### **Employer-Sponsored Child Care: Investing in Human Resources**

Burud, Sandra L., Pamela R. Aschbacher, and Jacquelyn McCroskey. 1984. Dover, MA: Auburn House Publishing Company. <http://files.eric.ed.gov/fulltext/ED296796.pdf>

*Appendix D, section five provides employers with a variety of materials for establishing employees' childcare needs, including guidance for conducting surveys, sample surveys, and pointers for analyzing survey results.*

### **Who's Looking After the Children? A Trade Union Guide to Negotiating Childcare**

Trade Union Congress. 2006. London. [https://www.tuc.org.uk/sites/default/files/extras/tuc\\_childcare.pdf](https://www.tuc.org.uk/sites/default/files/extras/tuc_childcare.pdf)

*This guide reviews the arguments for employer-provided childcare, provides examples of questions for a survey to establish needs for childcare, and discusses steps for trade unionists interested in negotiating and developing childcare and wider workplace supports to help employees balance work and family commitments.*

### **Fragenkatalog zur Bedarfserhebung [Questionnaire for Childcare Needs Assessment, in German]**

DGB (Deutscher Gewerkschaftsbund). 2017. Berlin, Germany: German Trades Union Congress. <http://familie.dgb.de/themen/kinderbetreuung/organisation>

*This survey instrument, developed by the German Trade Union Federation, is for companies that wish to survey their workers to establish their childcare needs and preferences for childcare.*

## ESTABLISHING THE BUSINESS CASE FOR CHILDCARE INVESTMENTS AND RETURN ON INVESTMENT

### **Investing in Women: New Evidence for the Business Case**

IFC. 2017. Washington, DC: International Finance Corporation. <http://www.ifc.org/wps/wcm/connect/dc30bdoe-392a-4d05-b536-81e3afdd1a25/Investing+in+Women+April+2017A.pdf?MOD=AJPERES>

*This report details the benefits of investing in women in business and describes a variety of ways in which companies can reduce gender gaps in employment through solutions targeted at employees, entrepreneurs, customers, and community stakeholders, with case study examples for each.*

### **There Are Significant Business Costs to Replacing Employees**

CAP [Boushey, Heather and Sarah Jane Glynn]. 2012. Washington, DC: Center for American Progress. <https://cdn.americanprogress.org/wp-content/uploads/2012/11/16084443/CostofTurnover0815.pdf>

*This literature review seeks to estimate the costs of employee turnover using 30 business case studies. The authors suggest that certain workplace investments such as family-friendly policies may help with retention and therefore reduce the significant costs associated with turnover.*

### **Retaining Talent: A Guide to Analyzing and Managing Employee Turnover**

Allen, David G. 2008. Alexandria, VA: SHRM Foundation. <https://www.shrm.org/hr-today/trends-and-forecasting/special-reports-and-expert-views/Documents/Retaining-Talent.pdf>

*This brief from the U.S. Society of Human Resource Management discusses approaches to diagnosing and reducing employee turnover. Approaches include offering paid maternity leave, on-site childcare, and other benefits intended to help retain working parents.*

### **Child Care & Parent Productivity: Making the Business Case**

Shellenback, Karen. 2004. Ithaca, NY: Cornell University. <http://s3.amazonaws.com/mildredwarner.org/attachments/000/000/074/original/154-21008542.pdf>

*This briefing paper provides a step-by-step guide for measuring the business impacts of employer-sponsored childcare supports.*

### **Employer-Sponsored Child Care: Investing in Human Resources**

Burud, Sandra L., Pamela R. Aschbacher, and Jacquelyn McCroskey. 1984. Dover, MA: Auburn House Publishing Company. <http://files.eric.ed.gov/fulltext/ED296796.pdf>

*This book provides companies that are interested in investing in employer-sponsored childcare with a step-by-step guide on how to analyze the need for childcare among their employees, design an effective childcare strategy, and evaluate their childcare program.*

## MATERNITY, PATERNITY, AND PARENTAL LEAVE

### **13th International Review of Leave Policies and Related Research 2017**

Blum, Sonja, Alison Koslowski, and Peter Moss (Eds.). 2017. Vienna, Austria: International Network on Leave Policies and Research. [http://www.leavenetwork.org/fileadmin/Leavenetwork/Annual\\_reviews/2017\\_Leave\\_Review\\_2017\\_final.pdf](http://www.leavenetwork.org/fileadmin/Leavenetwork/Annual_reviews/2017_Leave_Review_2017_final.pdf)

*This annual report reviews the national parental leave policies in 42 countries around the world, as well as new research related to parental leave.*

## FATHERS

**State of the World's Fathers: Time for Action** Heilman, Brian, Ruti Levto, Nikki van der Gaag, Alexa Hassink, and Gary Barker. 2016. Washington, DC: Promundo, Sonke Gender Justice, Save the Children, and MenEngage Alliance. <http://sowf.men-care.org/>

*This publication describes progress that has been made in terms of the gendered division of unpaid care work and provides a strategic action plan that could contribute to greater gender equality in the distribution of unpaid care responsibilities.*

**State of the World's Fathers: Latin America and the Caribbean** Aguayo, Francisco, Ruti Levto, Gary Barker, Verónica Brown and Florencia Barindelli. 2017. Washington, DC: Promundo, Sonke Gender Justice, Save the Children, and MenEngage Alliance. <http://men-care.org/resources/estado-de-la-america-latina-y-el-caribe/>

*This publication presents research from Latin America and the Caribbean about men's engagement in issues directly related to fatherhood, including caregiving and parenting tasks; child development; sexual and reproductive health; maternal, newborn, and child health; and the prevention of violence against women and children.*

**Fathers, Parental Leave Policies, and Infant Quality of Life: International Perspectives and Policy Impact** O'Brien, Margaret. 2009. *The Annals of the American Academy of Political and Social Science* 624 (1): 190-213. <http://journals.sagepub.com/doi/abs/10.1177/0002716209334349>

*This article reviews the evidence of the impact of different policy designs on fathers' use of paternity/parental leave and their involvement with infants and childcare.*

## FLEXIBLE WORKING ARRANGEMENTS

**Work Autonomy, Flexibility and Work-Life Balance** Chung, Heejung. 2017. Canterbury, England: Economic and Social Research Council at the University of Kent. [http://wafproject.org/wordpress/wp-content/uploads/BT\\_1224371\\_WAF\\_report\\_Final.pdf](http://wafproject.org/wordpress/wp-content/uploads/BT_1224371_WAF_report_Final.pdf)

*This publication provides an overview of the availability, take-up, and perception of flexible work across Europe, as well as recommendations for policymakers in the public and private sectors.*

**Be Flexible! Background Brief on How Workplace Flexibility Can Help European Employees to Balance Work and Family** OECD [Bouzol-Broitman, Boris, Olivier Thévenon, Willem Adema, and Chris Clarke]. 2016. Paris, France: Organisation for Economic Co-operation and Development. <https://www.oecd.org/els/family/Be-Flexible-Backgrounder-Workplace-Flexibility.pdf>

*This report offers a summary of employees' access to and use of flexible work policies across Europe using data from the 2015 European Survey on Working Conditions. The authors also provide guidance for policymakers that wish to promote and support flexible working.*

**The Influence of Working Time Arrangements on Work-Life Integration or "Balance": A Review of the International Evidence** ILO [Fagan, Colette, Clare Lyonette, Mark Smith, and Abril Saldaña-Tejeda]. 2012. Geneva, Switzerland: International Labour Organization. [http://www.ilo.org/wcmsp5/groups/public/---ed\\_protect/---protrav/---travail/documents/publication/wcms\\_187306.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_187306.pdf)

*This literature review summarizes international evidence on the relationships between working hours and work-life balance and between work schedules and work-life balance. The authors conclude that long hours and a lack of scheduling flexibility has a negative impact on workers' ability to reconcile work and family life.*



## THE MACROECONOMIC CASE FOR INVESTING IN EARLY CHILDHOOD EDUCATION

**Workforce of Today, Workforce of Tomorrow: The Business Case for High-Quality Childcare** Stevens, Katharine B. 2017. Washington, DC: The U.S. Chamber of Commerce Foundation's Center for Education and Workforce. <https://www.uschamberfoundation.org/sites/default/files/Workforce%20of%20Today%20Workforce%20of%20Tomorrow%20Report.pdf>

*This publication examines the important role that high-quality early childhood care and education play in ensuring that the future workforce has socially and economically valuable skills that meet employers' human capital needs.*

**The State of the World's Children 2016: A Fair Chance for Every Child** UNICEF. 2016. New York: United Nations Children's Fund. [https://www.unicef.org/publications/files/UNICEF\\_SOWC\\_2016.pdf](https://www.unicef.org/publications/files/UNICEF_SOWC_2016.pdf)

*This report examines the state of children worldwide and describes the need for greater investments in children, including through early childhood education, to promote sustainable development and reduce global inequality.*

**The Early Years: Child Well-Being and the Role of Public Policy** Berlinski, Samuel and Norbert Schady, eds. 2016. Washington, DC: Inter-American Development Bank.

*The edited volume analyzes the development of Latin American and Caribbean children and puts forward the case for more proactive public policies and investments in early childhood education and care.*

**Women's Work: Mothers, Children and the Global Childcare Crisis** Overseas Development Institute [Samman, Emma, Elizabeth Presler-Marshall, and Nicola Jones]. 2016. London, UK: Overseas Development Institute. <http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/10333.pdf>

*This report highlights the early childhood care gap and its adverse impact on children and their families, in addition to providing examples of policy responses from around the world.*

**Business Leader Actions to Support Early Childhood: A Global Imperative; A Local Opportunity** ReadyNation [Watson, Sara, Daniel Frank, and Kalli Krumpas]. 2015. Washington, DC: ReadyNation International. <https://www.readynationinternational.org/documents/5>

*This publication describes four types of actions that companies can take, along with examples from several countries, to support their employees, influence policy, and support the communities in which they operate. It also includes a practical guide to help companies to design strategies for early childhood education and care.*

**Education for All 2000–2015: Achievements and Challenges** UNESCO. 2015. Paris, France: United Nations Educational, Scientific and Cultural Organization. <http://en.unesco.org/gem-report/report/2015/education-all-2000-2015-achievements-and-challenges>

*This report provides an overview of the progress that has been made since 2000 in reaching six broad education goals worldwide, key challenges that remain to be addressed, and recommendations for developing new goals moving forward.*

**Childcare and Women's Labor Participation: Evidence for Latin America and the Caribbean** IDB [Mateo-Díaz, Mercedes and Lourdes Rodrigues-Chamussy]. 2013. Technical Note, No. IDB-TN-586. Washington, DC: Inter-American Development Bank. <https://publications.iadb.org/bitstream/handle/11319/6493/int4Bo6.PDF?sequence=1>

*This publication reviews international literature on the relationship between childcare and women's employment with a focus on Latin America. The authors find evidence of a consistent positive correlation between access to childcare and mothers' labor market participation.*

**Expanding Opportunities for the Next Generation: Early Childhood in the Middle East and North Africa** The World Bank Group [Safaa El-Kogali and Caroline Krafft]. 2015. <http://documents.worldbank.org/curated/en/876341468282254381/pdf/937130PUB0978100Box385381BooPUBLICo.pdf>

*This book assesses the state of early childhood development in MENA from before birth through age five, examining multiple dimensions of early development including health, nutrition, socio-emotional development, early learning, and early work.*

**Investing in Young Children: An Early Childhood Development Guide for Policy Dialogue and Project Preparation** The World Bank [Naudeau, Sophie, Naoko Kataoka, Alexandria Valero, Michelle J. Neuman, and Leslie Kennedy Elder]. 2011. <https://openknowledge.worldbank.org/handle/10986/2525>

*This publication describes the role that the public sector can play in early childhood development and provides policy guidance for governments seeking to invest in early childhood education or other supports for young children, parents, and families.*

**Measuring the Quality of Early Learning Programs** The Early Learning Partnership at the World Bank. 2016. <http://documents.worldbank.org/curated/en/474431473958525937/pdf/108285-REVISED-PUBLIC-ELP-GN-MeasuringQuality-CEP.pdf>

*This brief provides basic information on measuring the quality of early learning programs using a range of tools and approaches.*

## GLOBAL STATUS OF WOMEN

**World Employment and Social Outlook: Trends for Women 2017** ILO. 2017. Geneva, Switzerland: International Labour Organization. [http://www.ilo.org/global/research/global-reports/weso/2017/WCMS\\_541211/lang--en/index.htm](http://www.ilo.org/global/research/global-reports/weso/2017/WCMS_541211/lang--en/index.htm)

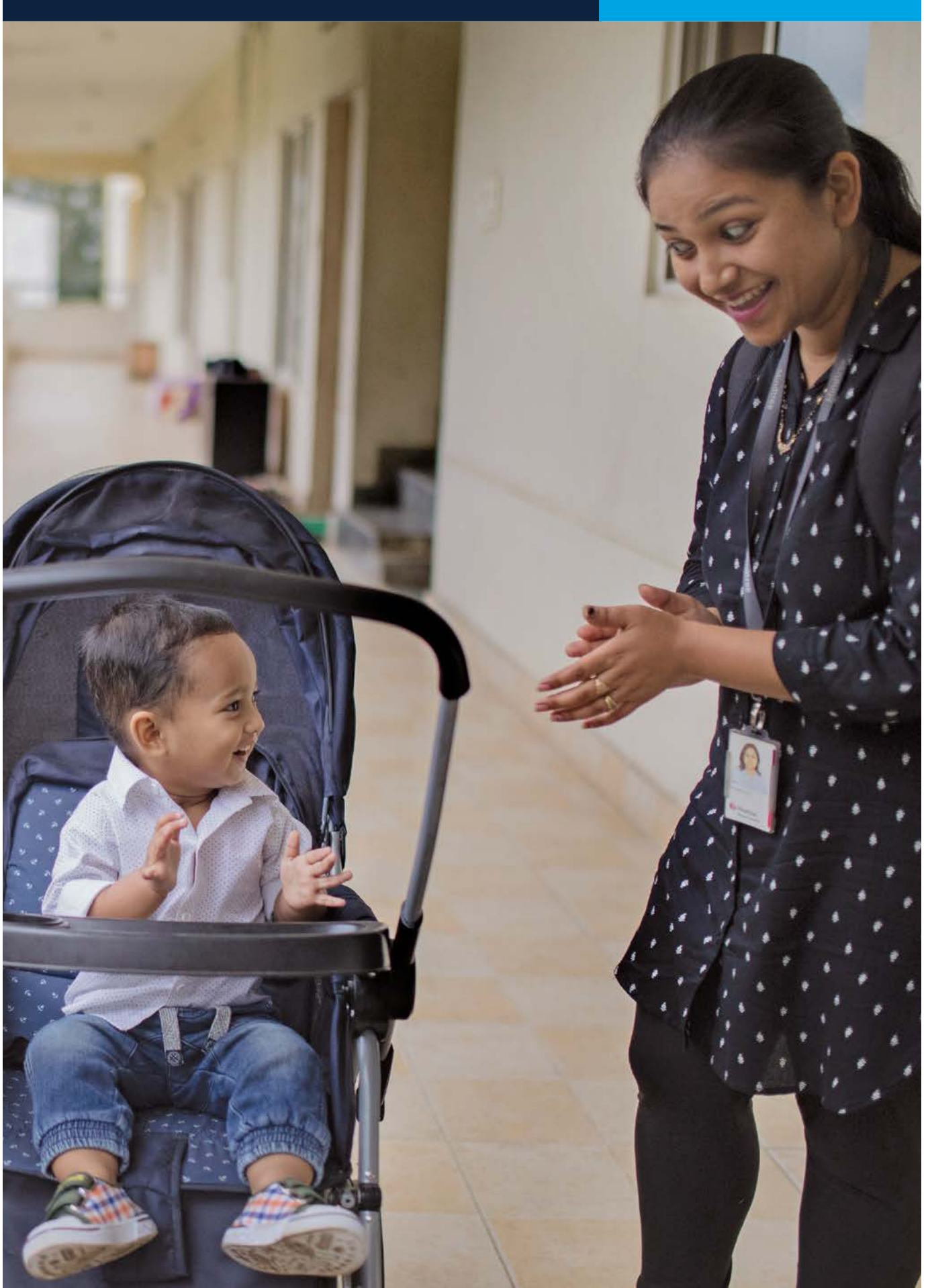
*This report examines worldwide economic and social trends, including labor market participation gaps between women and men and inequality in employment opportunities by gender.*

**The Global Gender Gap Report 2016** World Economic Forum. 2016. Geneva, Switzerland: World Economic Forum. [http://www3.weforum.org/docs/GGGR16/WEF\\_Global\\_Gender\\_Gap\\_Report\\_2016.pdf](http://www3.weforum.org/docs/GGGR16/WEF_Global_Gender_Gap_Report_2016.pdf)

*This report presents an overview of the World Economic Forum's Global Gender Gap Index for 2016, including a description of how the index is calculated, an analysis of results by region, and a summary of progress that has been made over time.*

**World Bank Group Gender Strategy (FY16–23): Gender Equality, Poverty Reduction and Inclusive Growth** World Bank Group. 2015. Working Paper No. 102114. Washington, DC: World Bank Group. [http://www-wds.worldbank.org/external/default/WDSCContentServer/WDSP/IB/2016/02/23/O90224bo841a382c/3\\_o/Rendered/PDF/WorldBankoGrooandoinclusivegrowth.pdf](http://www-wds.worldbank.org/external/default/WDSCContentServer/WDSP/IB/2016/02/23/O90224bo841a382c/3_o/Rendered/PDF/WorldBankoGrooandoinclusivegrowth.pdf)

*This publication provides an overview of the World Bank's Gender Strategy (FY16–23), including an analysis of the strategy's diverse strategic objectives and recommended actions for moving toward greater gender equality and inclusive growth worldwide.*



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*Creating Markets, Creating Opportunities*

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