GUIDANCE NOTE: Company–supported early childhood education and care

THE ISSUE

Unpaid care and domestic work contribute to economic development by sustaining and nurturing the health and well-being of families and communities. This work offers many people the support they need to be productive and capable members of society. Yet, unpaid care work remains largely invisible and unrecognized in economic and social policymaking.

Across the world, most care needs are met through unpaid labour, which is traditionally carried out by women – while men, because of gender norms, are considered the primary breadwinners of the family. On average, women carry out at least three times more unpaid care work than men. By taking on most or all of this unpaid care work, women and girls are prevented from taking full-time paid employment or are left with no other choice than taking part-time positions with limited benefits and opportunities.

The gender pay gap is a key contributor to the uneven distribution of unpaid care work within the household – as the decision to leave paid work, or work part-time, is based on the opportunity costs of taking on domestic care work. It is a straightforward computation: since within the family, men generally earn more, it would be more costly for them to give up work. Women therefore leave the labour-market either fully or partially. They have adapted by taking on short-term, part-time, seasonal or informal work, making them ineligible to access benefits, such as health insurance.

This has resulted in long-term personal financial insecurity and limited career opportunities and progression. When they are ready to return to the labour market, they find it challenging to secure good quality jobs and decent work.

COMPANY–SUPPORTED EARLY CHILDHOOD EDUCATION AND CARE

This guidance note forms part of a toolkit to help companies implement the Women’s Empowerment Principles (WEPs). It shows how employer-supported childcare and work-family-friendly policies benefit both employers and employees. It specifically provides WEPs signatories with guidance on how to establish policies and practices that prioritize fair and equal treatment of all women and men at work (Principle 2) without compromising efficiency, cost-savings and value for money. It offers guidance on how to provide childcare benefits and explores how they can introduce retention and promotion policies for employees with caregiving responsibilities, thereby affording employees the opportunity to fully participate and benefit from career opportunities and development. The note draws heavily on the Guide on Tackling Employer-Supported Childcare, produced by the International Finance Corporation (IFC).
Investment in early affordable and reliable childhood care by the public, private and non-profit (e.g. parent cooperative) sectors, organization-wide family-friendly workplace policies, and incentives for men to share the unpaid care work are some key solutions to this situation.

When designing such measures, it is important to keep in mind that families today do not take a single form; diverse structures and relationships exist across regions and change constantly. The evolving understanding of “family” does not always fit the confines of a nuclear, binary, biparental family with biological children. It is also important to note the different needs of a family, and consider that there are multiple and intersecting forms of discrimination.

**RELEVANCE DURING COVID-19 PANDEMIC**

The challenges of uneven distribution of unpaid care work outlined above have been exacerbated by the COVID-19 pandemic. It has not only put a strain on people’s livelihoods but on the availability of public services. Where families cannot access or afford services, the time spent on unpaid care work increases for women.

Some of the progress on improving women’s labour force participation and on narrowing the persistent gender pay gap has also been lost. In Israel, for example, the Government offers free early childhood education, contributing to improved women’s labour force participation and led to a narrowing of the gender pay gap. However, as mothers have been spending more time during COVID-19 taking care of children, they have worked more unpaid hours and less paid hours, with those working in lower ranking jobs often selected for layoffs and unpaid leave.

In addition to lost employment opportunities, unpaid care work also causes a strain on women’s mental and physical well-being, as many work longer hours juggling multiple tasks, including care, home schooling and other family and household responsibilities. Young girls too, lose out, as they are often expected to carry out care responsibilities, which forces them to drop out of school, damaging their potential to seek paid employment.
COMPANY-SUPPORTED EARLY CHILDHOOD EDUCATION AND CARE

Company policies and programmes can create an enabling environment for women and men to share work and childcare responsibilities. Childcare benefits are often more effective when paired with other family-friendly policies, such as paid parental leave, family emergency leave, flex work and time and space for breastfeeding.

Common childcare benefits include the provision of on-site, near-site or community-based childcare centres in partnership with other employers, the government, and/or with private care providers, or a cash grant to help parents cover childcare costs.

FINDING THE BEST EMPLOYER-SUPPORTED CHILDCARE SOLUTION FOR EMPLOYEES

Companies cannot be expected to solve all childcare needs, and they may find that investing in childcare is an overwhelming endeavour – so, to handle it effectively, it is important to think of it as a strategic business decision. Aspects which need to be considered include:

- Support from the company leadership
- Alignment with business goals
- An assessment of a company’s financial and human resources
- Applicable government childcare legislation
- Available childcare services
- Partnership opportunities.

Companies must also consider the needs of employees and be inclusive in their approach. Childcare should be offered to all workers and take into consideration:

- The distance between work and the employee’s home
- Availability of transportation
- Income level
- Ages of children
- Working conditions and hours
- Challenges and preferences on childcare (particularly for those with disabilities).

Companies can conduct a survey or organize focus groups and interviews to gather information and determine the best solution.

KEEPING UP TO DATE WITH NATIONAL POLICIES

The countries in which employers operate may have specific legislation on childcare and they should review this, particularly laws on childcare establishments, tax benefits, or on physical space and infrastructure if they decide to provide on-site childcare. They will have to consider local zoning ordinances, building, fire and safety codes, health and safety regulations, civil rights laws and public health and safety laws, plus laws on staffing, safety, physical health and development.

Furthermore, employers and employees need to be informed of any tax regulations and subsidies provided by the government. In the United States for example, it has been found that the potential return on investment in childcare services is US$9 for every US$1.
The provision of childcare, whether through employers or governments, is good for business, society, parents and children. Establishing company-supported business services is a strategic decision for the company as it is associated with improvements in employee retention, productivity, job satisfaction and loyalty.

**BENEFITS OF EMPLOYER-SUPPORTED CHILDCARE SERVICES**

**EMPLOYERS**
- Strengthens recruitment
- Increases diversity and talent
- Enhances corporate reputation
- Improves staff retention

**SOCIETY**
- Builds human capital
- Saves health care costs
- Improves productivity and earnings
- Enhances socio-economic development

**CHILDREN**
- Enhances social, mental, physical and emotional development
- Improves school readiness, retention, completion and achievement
- Improves outcomes in adulthood

**PARENTS**
- Increases gender equality
- Improves work-life integration
- Enhances access to better paid jobs
- Supports parenting, mental and physical well-being

**BUSINESS BENEFITS FROM EMPLOYER-SUPPORTED CHILDCARE**

Enhanced corporate reputation  
Improved retention  
Increased productivity  
Increased diversity  
Regulatory compliance  
Improved employee relations

Source (for both figures): IFC’s Global Tackling Childcare Initiative. Available at www.ifc.org/tacklingchildcare
Improving retention and reducing employee turnover

Companies that offer childcare benefits can experience a drop of one-third in employee turnover and some companies see employee retention increase four times as much, particularly for mothers.25

The cost of replacing an employee, regardless of skill level, can be high. A study conducted by the US Society for Human Resource Management shows that the cost of replacing an employee ranges from 90 per cent to 200 per cent of their annual salary.26 The cost of employee-turnover is often underestimated by companies. The costs also include training (plus the loss in productivity of line managers who may need to provide it). High turnover rates also lead to higher error rates and the loss of institutional knowledge.

In Germany, women are allowed job-protected leave of up to three years per child.27 However, the availability of a nursery or crèche reduces the time for maternity leave and this, in turn, reduces replacement costs for a parent who has taken leave.

Increase in productivity

Studies show that productivity suffers when employees worry about sick children or sudden school closures. This is exacerbated if they have access only to poor childcare arrangements. In a UK survey, about 40 per cent of the respondents noted that childcare problems lead to irritability, stress and fatigue, negatively impacting employee work performance. Studies have shown there is a notable difference in this when employers provide good quality childcare benefits.28

Reduction in short-term absences

Because of unplanned care needs and the absence of good quality childcare services, parents are often forced to take unexpected leave, come in late to work or leave early.

Increases in diversity and talent

The provision of childcare benefits enables women’s careers to advance and shows that parenthood is not a barrier to promotion. This improves the retention of women in companies, increases gender diversity and improves the opportunity for women to take on more leadership roles; there is evidence that companies with greater gender diversity in their leadership perform better financially than their competitors.

Strengthening recruitment

Childcare support enhances a company’s ability to attract and hire the best talent, which can be difficult in a competitive labour-market. In a survey of nearly 10,000 adult workers in countries including Germany, Japan, United Kingdom and the United States, at least 50 per cent expressed the importance of having on-site childcare in their job.29

Enhance corporate reputation as a family-friendly company and employer of choice

The provision of childcare benefits tells employees that the company is determined to support them at different stages in their lives; emotionally, physically and in their mental health.
WHAT CAN COMPANIES DO?

There are two parts to this section: the first describes the childcare benefits that employers can provide their employees, while the second describes the different family-friendly workplace policies that could accompany these benefits.

PROVIDING EMPLOYER-SUPPORTED CHILD CARE BENEFITS

Good quality and affordable childcare services

Companies could find that providing childcare services might be more cost-effective for them; in doing this they need to consider high-quality programmes that are affordable and inclusive, as well as the well-being of the children. Affordability is essential as most low-income families are unable to afford formal childcare.

Depending on the company’s resources, it can either provide on-site childcare services, partner with other, nearby, employers, or collaborate with a private childcare provider or the government. Some of the costs to consider are investment and operational costs, particularly on staffing.

Criteria for good quality childcare have been outlined by the IFC:

- Create a safe learning environment that stimulates learning
- Recruit and retain a stable, qualified workforce
- Engage caregivers
- Note that small child to teacher ratios are conducive to good child development
- Provide holistic, developmentally appropriate and interactive opportunities
- Implement procedures that track children’s development and provide regular feedback to parents
- Adhere to proper health and water, sanitation and hygiene (WASH) procedures linked to nutrition
- Complement childcare support with paid leave, flexwork and breastfeeding and lactation support.

Box 2

IFC Guide for Employer-Supported Childcare

The IFC Guide for Employer-Supported Childcare (2019) provides guidance for private sector companies on employer-supported childcare. The document provides a step-by-step guide on quality, financial sustainability and reporting on results. The guide was prepared by the IFC-led Global Tackling Childcare Working Group, with members from international organizations, care providers, companies, research institutions, non-profit organizations and the Government of Paraguay.

Provide emergency childcare services

Parents often find it difficult to deal with situations such as a child’s sudden illness or unexpected school closures. Suitable, affordable and reliable childcare services would help here – as would a company policy for such emergencies. This is especially important for essential workers during COVID-19.

Support parents financially through allowance or subsidies

Companies could conduct a cost-benefit analysis to ascertain whether childcare allowances, vouchers or subsidies are more cost-effective than offering on-site childcare. These subsidies could cover daycare or childcare costs or other needs such as meals or supplies.

Keep parents informed of available services

It would be beneficial if parents were informed by the company or the government of parent support groups, resources and referrals.
ALIGN CHILDCARE BENEFITS TO FAMILY-FRIENDLY WORKPLACE POLICIES

Childcare services at work or childcare allowances are more effective with family-friendly workplace policies, benefits and support, and help employees to enjoy a good work-family balance.

**Give employees flexible work options**

Flexible work arrangements give employees options on their work hours and location. Some of these arrangements may include Flextime, reduced working hours, job-sharing, temporary or permanent switches to part-time work and telecommuting options.

During COVID-19, flexible work hours have also helped to ensure that working parents can work around schooling and other childcare responsibilities.

**Allow provisions to take family and emergency leave**

Employees whose jobs cannot be performed remotely or from home can benefit if they are allowed to access paid family emergency leave, and medical and financial support, especially during COVID-19. Allowing them to take care of relatives who are ill, without the fear of losing work or of income insecurity can maintain their productivity, as well as ensuring the well-being of their children and families.

Retaining employees at a time of crisis also ensures their availability to work again once restrictions are lifted.

**Establish policies for maternity protection and parental leave**

Some of the benefits of family leave provisions and protection include reducing child and maternal mortality, improving child health and supporting maternal health and well-being. Successful leave policies ensure that all parents, including adoptive parents, single parents and same-sex partners, have access to adequate time off. Good measures for retention give employees opportunities for professional development.

Company support for employees taking leave creates a culture where employees are encouraged to use their parental leave benefits. The absence of adequate pay reinforces gender roles where women leave the labour-force while men are less likely to take leave and less likely to contribute to family care responsibilities. Research in the United States shows that some employees do not take time off because they fear losing their jobs and not earning enough to pay their bills.

Leave for both mothers and fathers encourages the notion that caregiving is the responsibility of all parents and contributes to the redistribution of care responsibilities at home. The guidance note on Attracting and retaining talent through inclusive family friendly policies outlines steps that companies can take to design and implement family-friendly policies.

**Ensuring equal pay within the company**

The fact that women are paid less than men, on average, contributes to women leaving the labour force altogether, because it would be more expensive for their family to pay for unaffordable childcare. Narrowing the pay gap can ensure the retention of women employees. The guidance note on Closing gender pay gaps to achieve gender equality at work gives companies useful advice on how to do this.
A SNAPSHOT OF FAMILY-FRIENDLY POLICIES

Croatia: A bank organizes a family day which allows parents to show children their workplace. This initiative was developed as a measure to make the workplace more suitable for working parents. It also establishes the bank as a family-friendly employer. The bank also provides tax exemptions to parents of newborns and provides a gift to the infant. It also pays for summer camps on vacation days from school and organizes activities for its employees’ children.

European Union: The EU has several legislative measures to support parents’ work-life balance. Its Programme for Employment and Social Innovation helps fund employers’ pilot schemes for developing innovative working arrangements such as family leaves and flexible working arrangements.

Germany: A family-owned private hospital group offers many childcare options to its employees. About three-quarters of its employees are women and, with a highly competitive market for skilled doctors and nurses, the hospital found that many expect a working environment that balances work and family-life. Services offered by the hospital include an on-site childcare centre, established through a private-public partnership with the local city Government, emergency back-up care, maternity, parental and paid leave, as well as flexible work hours. The hospital has benefited from working with partners and by conducting a systematic needs assessment with its employees.

Japan: An insurance company provides family-friendly initiatives to support employees in achieving work-life balance. Some of the policies offered include support during pregnancy, after childbirth and for childcare, childcare leave, long-term nursing care and on-site daycare centre. Employees attend a forum on their return from leave that discusses their transition and other concerns in returning to work. This enables employees to balance work and care responsibilities. In addition to this, Japan has mandates for companies where they are required to support their employees’ work-life balance and the childcare needs of their employees.

Netherlands: The Dutch Childcare Act provides for the financing of formal childcare that meets all its childcare standards. The Act ensures that parents, employers and Government jointly share the costs of formal childcare. The Government imposes a childcare levy on all employers. The amount of the allowance is per child.

Pakistan: A food company, recognizing the importance of aligning its gender composition with that of its market, has recruited more women and is promoting gender equality. It has offered daycare services and flexible work arrangements including telecommuting. They have also offered medical allowances to families. As a result, there has been a 65 per cent increase in the number of women in the workforce, 100 per cent maternity return rate and 117 per cent increase in the number of women in management.

United States: A company specializing in sports clothes and outdoor equipment has established family-friendly policies and benefits, including paid parental leave and childcare support. Among some of its more unusual policies is allowing primary caregivers to have providers travel with them to work. The company has also established programmes to cover employees that are on parental leave or dependent leave. This also allows employees to learn new skills within the company. Employee retention in this company has increased by 30 per cent and its savings by 11 per cent. In addition, the company also receives an annual tax credit of US$ 150,000. This tax credit is given to employers which provide childcare for their employees. There is a general business credit, which is 25 per cent of qualified childcare expenditures and 10 per cent of “qualified childcare resources and referral expenditures.” The credit is capped at US$ 150,000 per tax year. Qualified childcare expenditures include operating costs of a qualified childcare facility and expenses related to childcare facilities of the taxpayer.

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ENDNOTES

1. "Unpaid" means that the person doing the activity does not receive a wage and that the work, because it falls outside the production boundary in the System of National Accounts, is not counted in GDP calculations. Care means that the activity serves people and their well-being, and includes both personal care and care-related activities, such as cooking, cleaning and washing clothes. Work means that the activity entails expenditures of time and energy.


3. Ibid.

4. Ibid.


6. Ibid.


17. Ibid.


23. Ibid.


29. International Finance Corporation (IFC), 2017. “Tackling Childcare: The Business Case for Employer-Supported Childcare”. Other countries included in this study are Brazil, China, Germany, Japan, Mexico, the United Kingdom and the United States.


31. Ibid.


35. Ibid.

36. Ibid.

37. Ibid.

38. Ibid.


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Principle 1  Establish high-level corporate leadership for gender equality.

Principle 2  Treat all women and men fairly at work—respect and support human rights and nondiscrimination.

Principle 3  Ensure the health, safety and well-being of all women and men workers.

Principle 4  Promote education, training and professional development for women.

Principle 5  Implement enterprise development, supply chain and marketing practices that empower women.

Principle 6  Promote equality through community initiatives and advocacy.

Principle 7  Measure and publicly report on progress to achieve gender equality.