



## RESEARCH BRIEF

## MAXIMIZING COMPETITIVENESS:

# Firms That Help Workers Balance Care and Work Reap Rewards

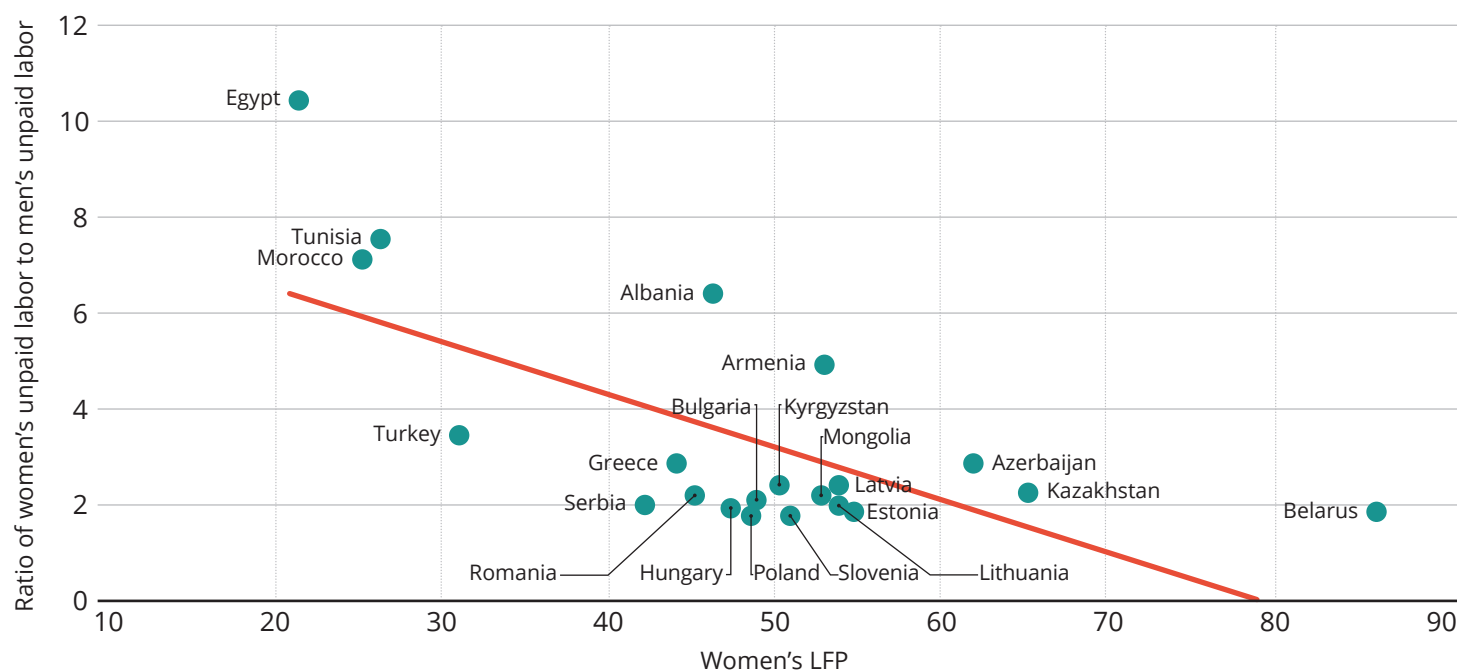
Private sector firms may underestimate the substantial costs that unpaid care work exacts on their business. Workers' inability to access quality care for those who depend on them results in firms' experiencing decreased productivity, high turnover, and difficulty recruiting and retaining quality workers – especially women. While care work is not strictly relegated to women, women spend significantly more time than men on unpaid care work, spending twice as much time on household work and four times as much time on childcare than men.<sup>i</sup>

## AROUND THE WORLD,

the failure to provide access to quality care for the young, old, sick and disabled, reduces women's labor force participation and exacerbates gender wage gaps.<sup>ii</sup> Recent research in countries where the European Bank for Reconstruction and Development (EBRD) invests,

shows that as the ratio of women's unpaid domestic and care work to men's unpaid domestic and care work rises, women's labor force participation falls. Efforts to reduce and redistribute women's unpaid care burdens in these countries can significantly increase women's labor force participation.

**FIGURE 1. In countries where women's unpaid labor burden is high, their LFP is low.**



**CARE WORK** describes activities that meet the physical, psychological and emotional needs of adults and children, old and young, frail and able-bodied. Caring includes the services provided to each human being in their homes, in public facilities and in health care and education systems. Care is crucial to human well-being and to economic development.

### THERE ARE NUMEROUS BENEFITS TO BUSINESSES THAT SUPPORT WORKERS WITH CARE PROVISION, PARTICULARLY CHILDCARE.<sup>iii</sup>

Firms would reap numerous rewards by making childcare available. They would have more success recruiting qualified women candidates, as women

are more likely to prefer jobs that provide them with flexibility and childcare support.<sup>iv</sup> They would also improve productivity: The International Finance Corporation's (IFC) research with employers from around the world found that employers that offer childcare options improve staff productivity through reduced absenteeism, greater focus, and enhanced motivation and commitment.<sup>v</sup>

In making the business case for employer-supported childcare, IFC identified several cases where provision of childcare and related services translated into significant cost-savings through reduction in turnover and improved business standing in the community.

Examples include:<sup>vi</sup>

- Nalt Enterprise, a textile producer in Vietnam, which found that offering childcare at the company



**Losing trained workers imposes significant costs on firms even in small and medium-sized companies in low-skilled sectors. Research in Kazakhstan, Romania, and Turkey show that turnover due to unaddressed childcare burden can cost companies hundreds of thousands of dollars annually.<sup>vii</sup>**

#### **TURKEY: Childcare Provision Costs Less than Turnover Expenses**

A medium-sized agri-business of about 800 employees (with more than 70% women) underscored the high cost of turnover when women do not return to work after taking parental leave. The company provides maternity benefits in accordance with the law: 16 weeks of paid maternity leave with provisions of another 6 months of unpaid leave. Breastfeeding mothers can take 1.5 hours daily to nurse until the child is 1 year old. Fathers are given 5 days of paid paternity leave. But the company does not provide childcare services or subsidies, leaving employees to generally depend on family members, including older children in the house, for childcare. Public childcare and education become available from when children are 5 years and older. However, school hours are generally shorter than work hours, so family members must still help with drop-off and pick-ups. Elder care is also very limited. Where support mechanisms are not available, women frequently quit their jobs to take care of their children or elderly relatives.

The women employed at this company are mostly seasonal workers and are disproportionately represented in lower skilled and manual-labor positions. In 2017, the company faced a turnover rate of over 26 percent of all women employees; 91 women quit every year due to care-related burdens. The direct cost of recruitment and training and the lost productivity as workers gradually acquired all the skills necessary to operate at full productivity, came to US\$971,357 a year. This represented 14% of the company's annual revenue. The average cost of childcare per year for a child aged 6 months to 3 years is US\$1100 (US\$650 for public centers and US\$1500 for private centers).<sup>viii</sup> This demonstrates that the cost of childcare is less than the cost the firm pays in failing to accommodate workers' care needs.

reduced staff turnover by one-third – creating substantial savings since they estimate it costs 85% of a factory worker's annual salary to replace that worker.

- The Bank of Tokyo-Mitsubishi UF in Japan realized a more than four-fold increase in retention of new mothers and saved US\$45 million in employee turnover-related costs by offering childcare and related initiatives such as extended maternity leave.
- Martur, a car component producer in Turkey, reduced staff turnover by 15% by offering childcare-related benefits. They estimate it takes eight months for a new production worker to become fully productive.
- Afrifresh in South Africa and MAS Kreeda Al Safi Madaba in Jordan found that efforts to support the childcare needs of their employees – alongside compliance with local and international regulations and standards – enhanced their reputations as employers of choice in their respective communities of operation. Further, investments in childcare are helping to strengthen their relationship with high-value, international buyers.



**71% OF WOMEN**

**leaving the workplace cite  
childcare as the primary reason.**

*(World Bank, 2015)\**

### FIRMS CAN ACCOMMODATE WORKERS NEEDS IN MULTIPLE WAYS.

Employers can help address care needs through a host of policies, including flexible working schedules, family and medical leave, gradual return to work, the on-site provision of care, and partnerships with government, municipalities or non-profit entities to provide child and elder care. Employers can also work with the public sector to expand the supply of publicly available care services. Two critical components, however, are:

**Flexible working policies.** Flexible working policies allow employees to have greater control over starting and finishing times, to choose which shifts they work,

and the number of hours and/or location of work, in order to help caregivers accommodate their care needs. While there has been a traditional belief that this policy is only appropriate for higher skilled and knowledge producing sectors where telecommuting is seen as more viable, the application of flexible working policies can also be effective in lower skilled sectors. The key is to engage workers in problem-solving about how the policy can function and ensure that the benefit is widely available to all workers, both men and women.

**Nearby care.** Ensuring access to child or elder care at or near employees' workplaces is attractive for workers. Direct provision of care, however, can be resource intensive, and having a workplace care center may not be feasible in all locations in which an employer operates. Another option is for companies to partner with local child and elder care providers for near-site care.

### FIRMS WILL NEED TO REVIEW THEIR HUMAN RESOURCES TRACKING MECHANISMS TO TRACK THE IMPACT OF INVESTING IN CARE PROVISIONS AND WORKPLACE FLEXIBILITY.

To fully account for the potential impact on hiring, retention, promotion and productivity, as well as absenteeism and sick leave, companies will need to develop an appropriate set of metrics. Firms will also need to track investments in training and support for the use of care programs. These measures can be strategically combined with workplace climate surveys that collect information about employee care needs and work life balance, productivity, use of benefits, manager support and encouragement, and other measures of gender equality in the firm. This will allow companies to track the pathways through which investments in training, care provision and workplace flexibility affect key bottom-line outcomes such as retention, promotion, productivity and firm loyalty.

### EMPLOYERS HAVE A SUBSTANTIAL STAKE IN ADDRESSING THEIR WORKERS CARE NEEDS AND ADVOCATING FOR UNIVERSAL ACCESS TO QUALITY CARE.

The cost of unpaid care on a company's bottom line is significant. Those that help employees balance care and work responsibilities reap the rewards of attracting and retaining quality workers, improved productivity and enhanced reputations as employers of choice.

### Recommended citation

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Conclusions and opinions expressed in this brief and study are those of the authors and do not necessarily reflect the views or official positions of EBRD.

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<sup>i</sup> Duflo, E. (2012). "Women Empowerment and Economic Development." *Journal of Economic Literature* 50 (4): 1051–79.

<sup>ii</sup> ILO. (2018). "Care work and care jobs for the future of decent work," International Labour Organisation, Geneva.

<sup>iii</sup> IFC. (2017). "Tackling childcare: The business case for employer-supported childcare," IFC. Retrieved from <http://tinyurl.com/yxvhn8yy>.

<sup>iv</sup> IFC. (2017). "Tackling childcare: The business case for employer-supported childcare," IFC. Retrieved from <http://tinyurl.com/yxvhn8yy>.

<sup>v</sup> IFC. (2017). "Tackling childcare: The business case for employer-supported childcare," IFC. Retrieved from <http://tinyurl.com/yxvhn8yy>.

<sup>vi</sup> IFC. (2017). "Tackling childcare: The business case for employer-supported childcare," IFC. Retrieved April 9, 2019 from <http://tinyurl.com/yxvhn8yy>.

<sup>vii</sup> ICRW's calculations based on numbers provided by private sector organizations in Kazakhstan, Egypt and Turkey.

<sup>viii</sup> World Bank. (2015). *Supply and demand for childcare services in Turkey: A mixed methods study*. Report No.: 98884-TR. Washington, DC: World Bank. Retrieved April 9, 2019. Retrieved from <http://www.worldbank.org/en/news/infographic/2015/09/13/supply-and-demand-child-care-services-turkey-a-mixed-methods-study>.

\* World Bank. 2015. *Supply and Demand of Childcare Services in Turkey: A Mixed Methods Study*. Report No.: 98884-TR. Washington, DC: World Bank.

