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FEDERATION OF EGYPTIAN INDUSTRIES

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وزارة التضامن الاجتماعي
Ministry of Social Solidarity

PROVIDING CHILDCARE FOR WORKERS BOOSTS THEIR PRODUCTIVITY: STUDY RESULTS



HOW CAN CHILDCARE IMPROVE THE BUSINESS ENVIRONMENT, PRODUCTIVITY AND PROFITS?

Figure 1: The economic benefits of providing affordable childcare benefits/services



Providing childcare benefits at work has been found to improve employee satisfaction, leading to higher employee productivity and lower rates of absenteeism and turnover. This helps businesses overcome some of the challenges they face by helping them retain trained, highly skilled employees and reducing the time and resources lost on recruiting and training new ones.

The demand for affordable childcare services is increasing around the world as more parents join the workforce, seeking additional income.

This note highlights the cost and benefit of establishing and maintaining childcare services at work or providing childcare benefits in relation to the overall productivity, profits and business growth. It is based on a study conducted by Ministry of Social Solidarity (MoSS), UNICEF, ILO and the Federation of Egyptian Industries, entitled The Business Case for Employer-Supported Childcare in Egypt (BCESC)¹.

The study examined previous and current childcare services provided to employees in 108 organizations in 7 governorates representing specific business sectors known for their high participation of women within their workforce. Quantitative and qualitative research methods were used including desk reviews and surveys and interviews with 418 business owners, senior executives, department managers and workers at different job levels and types.

**IN SOME CASES, THE
TURNOVER RATE WAS
REDUCED FROM 60% TO 10%.**

Evidence from the study shows that, providing childcare benefits most commonly leads to higher motivation levels, improved performance, and higher staff retention rates, especially among female employees. According to employers who participated in the study, these benefits have, in turn, led to higher profits and business growth by improving the quality of the services they provide and limiting the time and resources that businesses spend on seeking, recruiting, and training new employees. In some cases, the turnover rate was reduced from 60% to 10%. Childcare services/benefits have also been reported to serve as very attractive benefits, especially for female workers, facilitating the recruitment process.

The study also found that childcare benefits/services contribute to creating a better work environment and improve staff dynamics for both men and women. Its role in reducing absenteeism was reported to relieve some of the pressure that is sometimes placed on male employees to fill in for their female colleagues.

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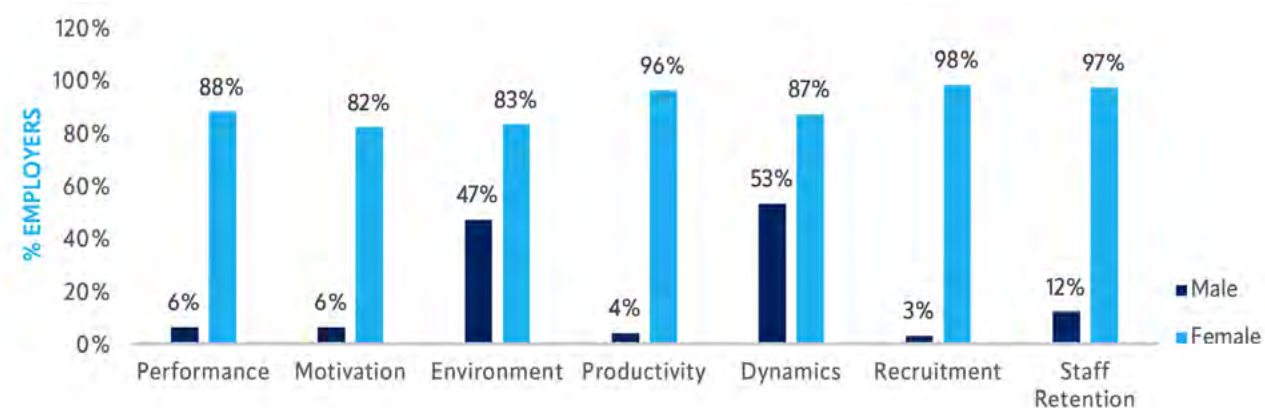
I see childcare as a matter of significant importance to employers who wish to retain staff, particularly at this location in Beni suef, where we have a lot of talented workforce leaving the City, particularly when they have kids and look for a better work environment.

Mr. Abdel Naser (HR manager, SWISS Cotton Company)

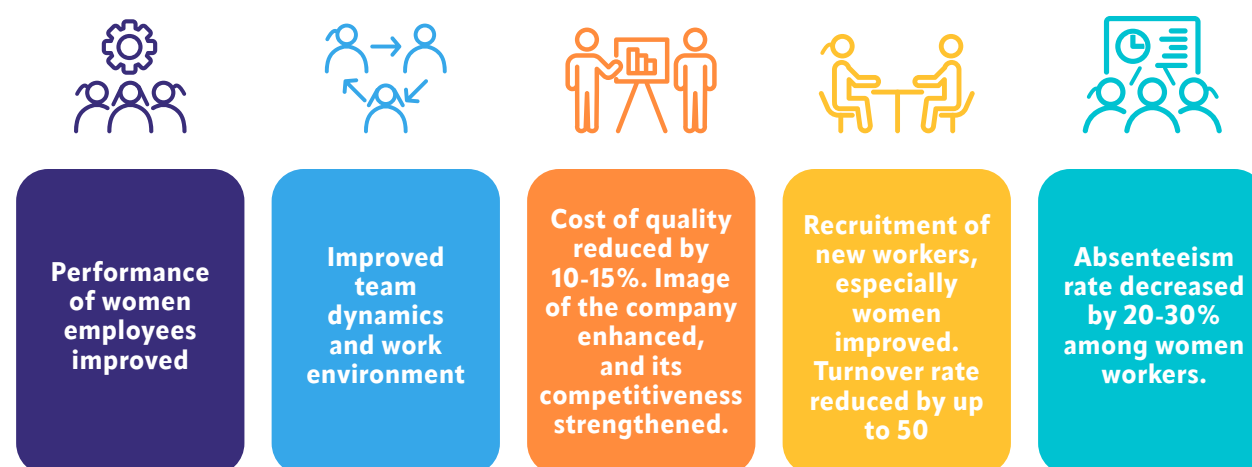
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¹MoSS, UNICEF, ILO, FEI, 2021. A STUDY TO DEVELOP A BUSINESS CASE FOR EMPLOYER SUPPORTED CHILDCARE IN EGYPT. Cairo: UNICEF.

Figure 2: Employers' and managers' perspectives on the impact of providing childcare benefits/services for workers.



Source: MoSS, UNICEF, ILO, FEI, 2021. A STUDY TO DEVELOP A BUSINESS CASE FOR EMPLOYER SUPPORTED CHILDCARE IN EGYPT. Cairo: UNICEF.



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I had been working in several places before BTM. All of them were informal entities with no contracts, insurance, or stable conditions. I used to stay for few weeks in each job. I accepted these circumstances because I wanted to avoid any commitment and to have flexible working hours to take care of my little kids.

Finally, I reached out BTM and the first thing that attracted me to join them was the nursery option. I take my children with me every day to work and just leave them for the nursery supervisor who takes them with other kids to the nursery. I feel much more comfort to know that my kids are safe and secured. They learn new things every day and their skills and behavior are getting better.

Ms. Hanan (Quality Inspector, BTM)

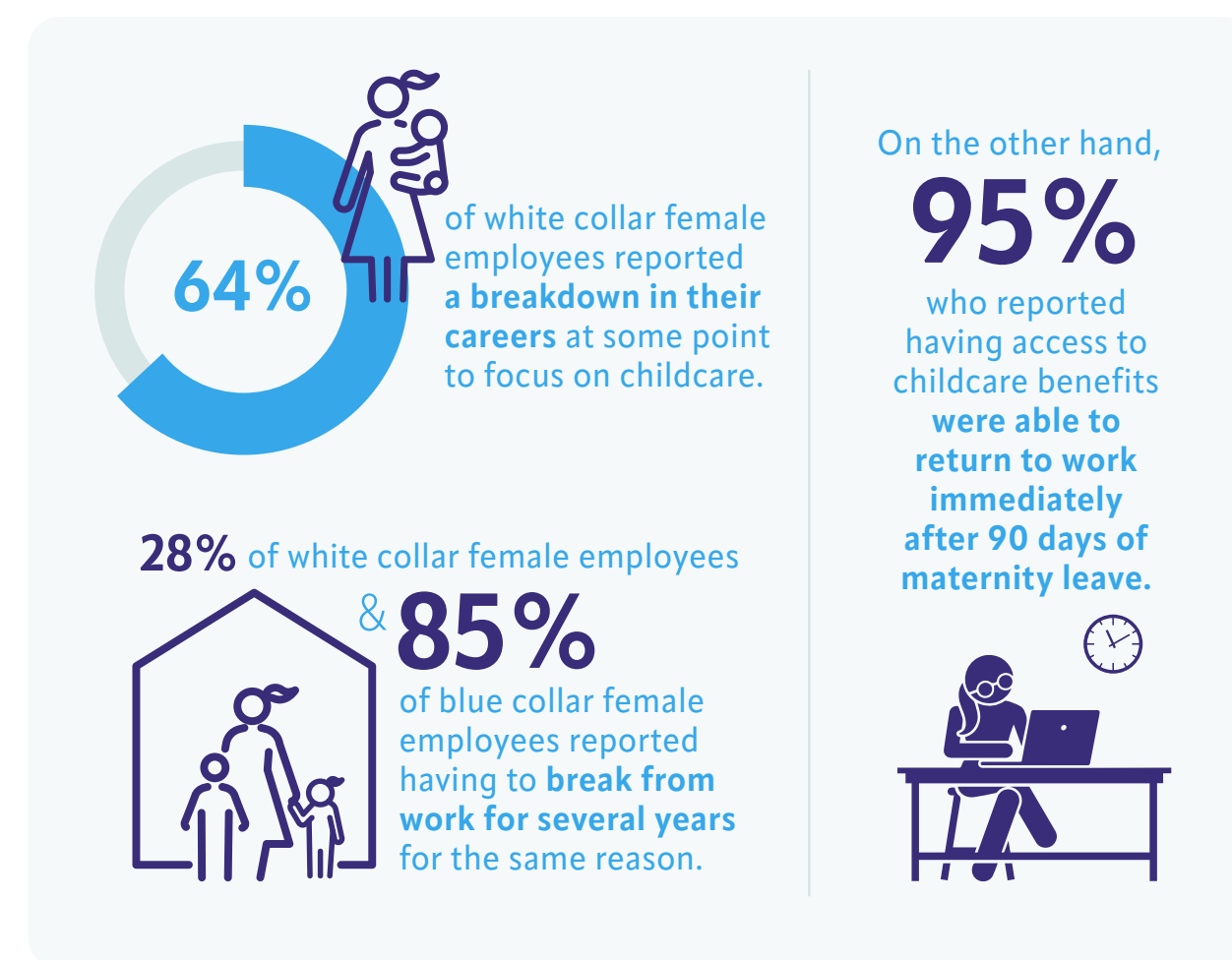
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WHAT ARE THE BENEFITS OF CHILDCARE ON WOMEN AND GENDER DIVERSITY AT WORK?

Gender diversity in the workplace enhances productivity and creativity, improves the ability of businesses to gauge consumer needs and demands, and expands the talent pool for employers in an era of skill shortages².

Women currently make up only 18.2% of Egypt's workforce³. Given the persistence of gender norms that often result in an unequal division of childcare responsibilities around the world, the lack of affordable, high quality childcare services affects their ability to participate in the labour market.

Women interviewed as part of the BCESC study shared the challenges they face in trying to contribute to increasing their household income on the one hand and taking full responsibility for quality childcare on the other. Many have had partial or full career breakdowns in the process.



² https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_700953.pdf

³ CAPMAS. (2020). Bulletin 5. Cairo: CAPMAS

The double burden of working to generate income for the household and doing the bulk of unpaid care work at home has led women to suspend their careers to focus on childcare



Beyond affecting women's employability and work performance, having the sole responsibility for childcare in the absence of affordable childcare services was found to affect when women can start their careers-which, in turn affects their longevity at work and their career progression. The study shows that the average age range for blue collar female employees is 26-50 for those who had access to childcare benefits and 33-50 for those who didn't. **The study also found that having access to childcare benefits gave women a 58% higher chance of receiving a promotion at work.**

HOW CAN EMPLOYER-SUPPORTED CHILDCARE IMPROVE THE QUALITY OF THE FUTURE WORKFORCE?

Early childhood (0-6) provides a window of opportunity to shape the physical, intellectual, and social foundations of a child's future. A person's intelligence potential, which affects future intellectual capacity and social behaviour, develops during this period⁴. It is therefore often considered to be one of the most important stages of a person's growth.

EMPLOYER-SUPPORTED CHILDCARE CAN BE A SIGNIFICANT CONTRIBUTOR TO EARLY CHILDHOOD DEVELOPMENT (ECD), ESPECIALLY IN CASES WHERE BOTH PARENTS ARE WORKING.

Seeing as ECD is closely linked to better health, education, and life outcomes⁵, investing in providing quality services to children at that age contributes not only to the diversification and productivity of the current workforce, it also contributes to the formation of a healthy, productive workforce in the future.

⁴Young, Mary Eming. 1996. Early child development: investing in the future (English). Directions in development. Washington, D.C.: The World Bank.

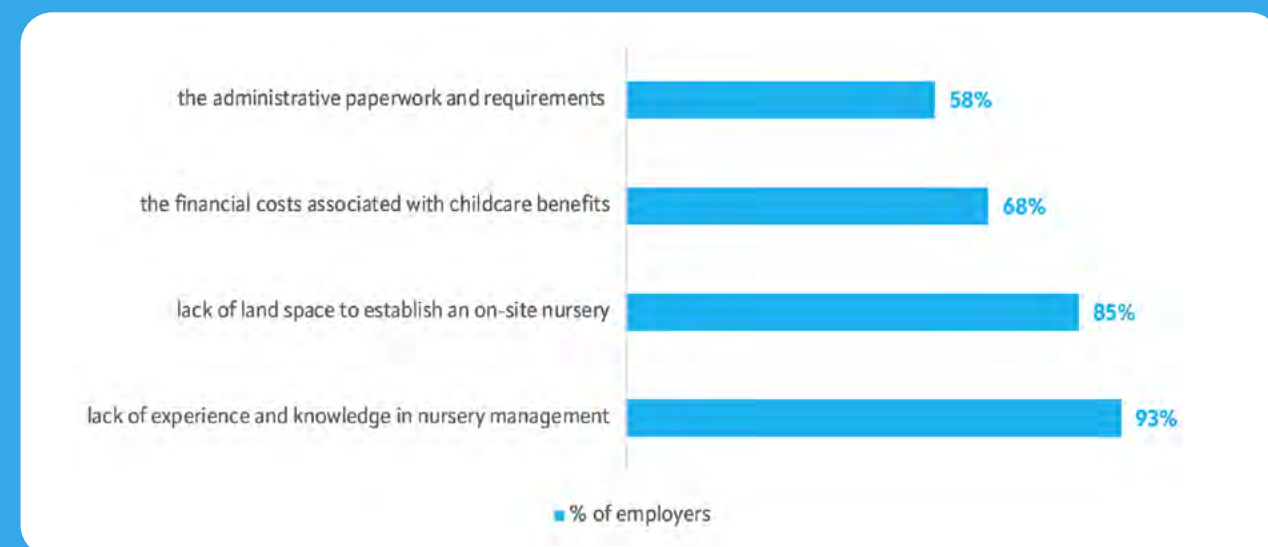
⁵World Health Organization, United Nations Children's Fund, World Bank Group. Nurturing care for early childhood development: a framework for helping children survive and thrive to transform health and human potential. Geneva: World Health Organization; 2018. Licence: CC BY-NC-SA 3.0 IGO.

WHAT ARE THE CHALLENGES TO PROVIDING AFFORDABLE CHILDCARE SERVICES IN EGYPT?

Egypt is facing a significant shortage of childcare facilities. Given the high cost of childcare services, which can take up anywhere between 20-30% of income⁶, workplace nurseries and childcare benefits can be essential forms of support for working parents, especially mothers who are often expected to bear the lion's share of childcare responsibilities.

The vast majority of employers who participated in the BCESC study recognized the importance on providing childcare benefits to the satisfaction of their employees and the success of their businesses. However, most also reported a set of challenges that hinder their progress on this issue. The challenges most commonly reported include the lack of experience in nursery management, the unavailability of land space to establish on-site nurseries, the high cost of establishing/running on-site childcare services or providing childcare benefits, and the administrative paperwork and requirements needed to either license an on-site nursery or contract external service providers.

Figure 3: Main challenges associated with establishing/providing childcare services, according to employers



Source: MoSS, UNICEF, ILO, FEI, 2021. A STUDY TO DEVELOP A BUSINESS CASE FOR EMPLOYER SUPPORTED CHILDCARE IN EGYPT. Cairo: UNICEF.

⁶ Sheta, T. (2020). RAPID assessment to understand the impact of covid-19 on nursery sector in Egypt: A snapshot assessment. DevSpaces. Cairo: UNICEF.

TO BE ABLE TO PROVIDE CHILDCARE SERVICES/BENEFITS, EMPLOYERS REPORTED A CRITICAL NEED FOR SUPPORT ON TASKS SUCH AS:

1. **Selecting suitable childcare providers** in close proximity to their premises
2. **Developing family-friendly policies** to guide their corporate social responsibility programs
3. **Technical assistance and support** in managing childcare facilities
4. **Guidance in complying with the national laws** related to the establishment and management of childcare centers
5. **Providing various types of training for staff** who will work in nurseries. Including: technical training, soft skills, technology, psychology, classroom management, and primary health and personal hygiene.



RECOMMENDATIONS

In its efforts to empower women and promote their participation in the workforce, the Government of Egypt is currently working on rehabilitating and establishing more childcare centers to meet the need for childcare around the country. The government will also work on incentivizing the establishment of nurseries and training staff who will work at childcare centers. This should help make up for existing shortages in facilities and staff, and will help improve the quality of services provided to children and parents.

- **Overturing harmful social norms.** In addition to improving access to, and the quality of, childcare services, it is also important to address and overturn social norms that bind women to childcare responsibilities by introducing paternity leave in facilities to Egyptian labour laws, thereby encouraging men to participate in childcare.
- **Providing the resources and training needed to respond to challenges reported by employers.** Resources and training on family-friendly policies, customizable childcare service models, available childcare providers, nursery management, and the administrative requirements of establishing in-house childcare centers should be made available to employers. An electronic platform can be established to provide easy access to all relevant resources.
 - » A taskforce consisting of Business associations, UN organizations (e.g., UNICEF, ILO, and UNIDO), FEI, Business Associations, and the Government of Egypt, represented by the MoSS, and MoMP and NCCM) can be established to support the business sector with providing the necessary resources (technical, financial, policymaking, etc.) that create an enabling environment and encourage key business organizations and associations to promote, maintain and sustain workplace childcare services.
- **Adopting family-friendly policies.** As part of their corporate social responsibility, businesses should work on adopting family-responsive policies and childcare models that are suitable to the needs of their employees. While the results of the BCESC study are not nationally representative, they can be used as a provisional indicators of the needs of working parents and the types of challenges they face.

The opposite figure shows the various elements that make up the structure of a childcare model and showcases the various options available to employers who are interested in developing childcare models that satisfy their business needs and employee expectations. The table offers multiple alternatives to every element so that the models are customizable to the particular needs of various users. Hybrid models can also be created to meet the conditions of the broadest base of employers/employees possible.

Figure 5: Attributes of the childcare model structure

Type	Model Type	Model	Main Features				
			General	Ownership	Management	Location	Subsidize
	Primary	On-site	<ul style="list-style-type: none">Single OwnershipDirect Initial InvestmentDirect LiabilityFull or Partial Management ResponsibilitiesRunning Costs	EMP	EMP	Workplace	Full
					SP	Proximate	Partial
		Shared-site	<ul style="list-style-type: none">Shared OwnershipShared Initial InvestmentShared LiabilityFull, Partial, or No Management ResponsibilitiesShared Running Costs	EMP	EMP	Workplace	Full
				SHARED	SHARED	Central	Partial
				Public	SP	Proximate	
		Service Provider (SP)	<ul style="list-style-type: none">Direct Contractual ResponsibilityDirect/Indirect SupervisoryNone /Indirect Initial InvestmentIndirect LiabilitiesNo Running CostsAnnual Budget	SP	SP	Single	Full
						Multiple	Partial
		Allowance	<ul style="list-style-type: none">No Initial InvestmentNo Running CostsAssessment of SP (Optional)Monitoring of SP (Optional)Annual Allowances Budget	SP	SP	Multiple	Full
Partial							
Secondary	Referral	<ul style="list-style-type: none">No Initial InvestmentNo Running CostsAssessment of SP (Optional)Monitoring of SP (Optional)Discount/Service AgreementNo Annual BudgetRevised HR PoliciesFamily-friendly Policies	N/A	SP	N/A	N/A	
	Flexible hours		N/A	EMP	N/A	Full	
	Extended Leave		N/A	EMP	N/A		
	Remote Work		N/A	EMP	N/A	Partial	
HYBRID MODEL							

*EMP: Employer SP: Service Provider N/A: Not applicable

Source: MoSS, UNICEF, ILO, FEI, 2021. A STUDY TO DEVELOP A BUSINESS CASE FOR EMPLOYER SUPPORTED CHILDCARE IN EGYPT. Cairo: UNICEF.

While both types of models (primary and secondary) require employers to dedicate financial resources to establish, manage, or maintain childcare services, 'primary' childcare models require the employer's direct involvement in responsibilities such as direct management and supervision of the childcare centre or assessment and monitoring of the childcare service provider. 'Secondary' models do not entail the same level of involvement.



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