



EMPLOYER-SPONSORED CHILD CARE IN INDIA

Issues, Opportunities, and Solutions

A Report from The Consulting Practice at Bright Horizons

Why India?

Bright Horizons is committed to supporting our clients in their global child care and work/life efforts. Many of our multinational clients are beginning to focus these efforts on their employees in emerging economies around the world, economies that often provide fast-growing consumer markets and access to less-expensive labor. India was specifically identified by many of our clients as an increasing area of focus, as their Indian business activities are having greater impact on the overall success of their companies. Given the significant social and economic changes that have occurred in India in recent years, Bright Horizons was asked to help our clients determine the issues, opportunities, and potential solutions for employer-sponsored child care in India, as well as to determine the business impact child care initiatives would have on sponsoring employers.



THE CONSULTING PRACTICE
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Study Background

Economic Changes

Since its economic liberalization in 1991, India has experienced dynamic and dramatic socioeconomic changes. The opening of the economy to foreign direct investment has provided an influx of opportunities for the people of India and businesses. The McKinsey Global Institute projects the Indian middle class to increase from 50 million people currently to more than 580 million by 2025, and consumer spending to quadruple during this time, thus creating an enviable consumer base.

With such significant growth and opportunity in India, Indian workforces are having a greater impact on overall global business operations and require strategic human resources practices similar to those in Western countries. While India is often thought of as a hub of business processing offices, where less-expensive workers can provide back-of-house or call center operations to the rest of the world, multinationals are now shifting to invest in higher-level business functions. In fact, many of the more than 1,300 multinational companies with Indian operations have research and development functions in India. (India Consumer Trends 2007)

Employers are focusing on their work/ life practices in India to better recruit, retain, and support employees in this key market so they can maximize the impact on their global value chain.

Labor Force Changes

India is the youngest society in the world, with 66 percent of its population younger than 35 and more than one million college graduates annually. English is spoken as a primary language by most educated adults. With business growth in India, many multinational companies are focusing their efforts on recruiting, retaining, and advancing women to gain the benefits of this growing sector of the workforce. As of 2003, women were nearly as likely to be university graduates as men (40 percent). (Indian Ministry of Human Resource Development, Department of Education) With increasing work and educational opportunities, women are entering the formal workforce at unprecedented rates. Many of these women are also mothers or expect to be in the near future. In fact, dual-income families are anticipated to rise by 2.5 million every year. (Hindu Business Line)

Many companies are beginning to study how an increasingly female workforce will affect their organizations. Most companies that participated in this study recently implemented diversity councils whose primary focus is gender inclusion. Nearly all of these councils recognize that female employees need additional child care supports to be successful. Senior leaders interviewed at these companies are also realizing that with the rising number of working women and dual-income families in India, any current negative business impact caused by employees' child care issues will only become exacerbated unless child care supports are provided.

Study Findings

Methodology

Bright Horizons researchers travelled to India during the summer of 2008 to interview senior business leaders and parent-employees regarding child care issues of working parents, the impact these issues are having on their employers, and potential solutions. Meetings were held in Mumbai, Bangalore, Hyderabad, and Gurgaon (outside of New Delhi) as determined by client interest. In all, more than 110 employees and more than 30 human resources and site managers were interviewed from 16 companies, 11 of which are current Bright Horizons clients. In addition, four child care center providers were interviewed and nine child care centers toured as part of this study. This report provides an overview of qualitative findings uncovered during the research process.

Issues Faced by Working Parents in India

Changing Family Structure

There are significant societal barriers that inhibit educated mothers from joining the workforce, remaining in the workforce after the birth or adoption of a child, or working to their full potential. The demand for jobs is primarily in urban centers, requiring many workers to relocate to these areas. This has created a generation of “nuclear” families as opposed to the more traditional “joint” families in India (where young couples live with one set of parents). This influx of people to the urban centers has driven up the cost of housing, making it more difficult for young families to afford a home on one salary. Thus, working mothers face significant competing demands: the need to help financially support their family while often having little or no extended family support to assist with child care so they can work outside the home. In addition, fathers who participated in focus groups expressed a strong desire to have more time with their children and contribute in a meaningful way to the family beyond their financial contribution.

Supply of Child Care

Grandparents: Grandparents are still a primary form of child care used by working parents in India. However, the availability of grandparents as long-term caregivers is declining because they are more likely to live far from their children due to job locations, may still be working themselves, and/or have their own interests to pursue. Focus group parents also worry that their aging parents are unable to engage with their child in ways that would be enriching to the child both physically and intellectually. Yet, given these issues, it is common that grandparents (particularly grandmothers) will travel and stay with their children to help care for an infant during at least the first three to six months after birth. Therefore, it is after this age that many parents need to utilize care beyond their immediate family.

Domestic Help: Seemingly as common as the use of grandparent support is the use of domestic help, or maids, as primary caregivers. Domestic help is inexpensive and commonly used by most middle-class working families. Maids, typically from less-developed areas of the country, may not know the local language (there are at least 15 official languages in India), are usually poorly educated, and often prove to be unreliable.

The primary job of a maid is to take care of domestic duties in the home. These women do not have child care training. Focus group parents discussed several issues with relying on domestic help for child care, including maids’ lack of education around safe hygiene standards and difficulty imparting information given language issues. Finally, all focus group parents cited issues regarding the reliability of their maids coming to work. These young women either find other opportunities and/or have their own family responsibilities they need to attend to in another part of the country, causing them to leave with little or no notice.



“I support my wife working. The economy is very hot currently, and we want to grow in our careers now. If she were to step out of work for a couple of years, she could miss multiple promotions and salary increases. I see what we pay for child care as an investment in our family. We will all come out ahead financially if she stays at work.”

— Focus Group Participant

“Maids are unpredictable. In one and a half years of my child’s life, I have kept eight maids.”
—Focus Group Participant

Child Care Centers/Crèches: Based on visits to a number of child care centers and meetings with providers, it is clear that quality child care centers do exist, but there is a consensus that more needs to be done to improve the quality of centers overall. Currently, there is no statutory framework to ensure quality provision of center-based care. In our opinion, it is unlikely that the federal or state governments (India has 28 states) will enact licensing guidelines, at least with any margin of quality control, in the near future. This is in part because the government has much larger and pressing concerns regarding its infrastructure and the poverty status of a substantial portion of its citizens. Also, creating meaningful quality standards would likely shut down many child care operators, negatively affecting parents and business owners. Currently there are voluntary accreditation systems being developed in India as a means to distinguish child care quality; however, to our knowledge they have yet to be implemented.

The lack of regulations and oversight are not the only concerns of parents. There are no, or very few, early childhood education degrees for teachers (although there are certificates). While some teachers have a bachelors degree in primary education, the National Focus Group on Early Childhood Education (in India) found 83 percent of center staff in Mumbai were untrained. According to this group:

“Private schools (centers) have begun to employ staff with B.Ed. and D.Ed. degrees as early childhood educators, but these individuals have not been trained to apply the principles of child development Most early childhood education programs are a downward extension of primary education. There is heavy curriculum that is structured and rote learning at an age children are not ready for it. . . . Staff in early childhood development programs are poorly paid, have no social security, no opportunity for climbing the career ladder, and no status as teachers.”

Space for a child care center is also at a premium, particularly in urban centers. This leads to large group sizes in small classrooms. While child care centers appear to have numerous adults present, there is typically only one teacher meeting the educational and caring needs of the children. They are assisted by maids who change diapers, prepare meals, and clean classrooms, but who have no primary educational or caring role with the children.

Globalization is helping to increase parents’ awareness of quality child care measures. Focus group parents defined quality as fundamentally meeting the basic health and safety requirements for their children, that

a center is: hygienic, provides nutritional hot food, and is located in a secure facility. Given the recent increase in terrorist activity in India, parents’ focus on security measures was top of mind and included the desire for a center to have tight security measures, an overt security presence, and staff highly trained in emergency procedures. This held true for any child care center, but particularly at a center that may be located near a work site.

Parents continued to define their preferred center as one that also includes: trained teachers, good staff-to-child ratios, an educational program, and a program conducted in English. Many parents were familiar with U.S. or UK quality standards, and even Bright Horizons centers, as they had started their families while living in these countries to pursue higher education and/or gain international work experience before repatriating in India.

A significant issue for working families was the lack of infant or toddler care. A number of the providers we spoke with expressed reluctance to care for this age group, citing health, safety, and educational concerns, as well as a traditional cultural preference for children to remain in the home until at least age 1. Parents’ emerging desire for infant care is most likely due to familiarization with this type of care in other countries and the detrimental impact of even a short-term break to a new mother’s career.

Impact of Child Care Issues on Employers

The business needs that drive the consideration of child care supports are universal: retention, recruitment, and productivity. After listening to parents describe the lack of available high-quality child care supports at home, in the marketplace, and at work, the impact of child care issues on businesses in India seems magnified in comparison to what we have experienced in countries where we currently operate child care programs.

Retention

Our finding was that retention of key employees is as critical to an Indian organization’s success as to any similar organization in the U.S. or Europe. Senior leaders particularly feel the impact when trained and experienced managers leave to have or raise children. Arranged marriages remain a factor in India; most women are marrying in their

early to mid 20s and starting to have children a few years later, often when they are advancing to managerial ranks or taking on leadership roles. In addition, employees' parents and in-laws often hold significant influence over career and work decisions for both men and women. The provision of work/life supports helps a company present itself as an institution that cares about the overall welfare of its employees and can help mitigate family pressure for an employee to stay home or alter their work patterns due to the addition of a child to the family.

Recruitment

Senior leaders as well as focus group participants believe that a comprehensive array of child care supports will positively affect a company's reputation, thus enhancing the company's ability to recruit top applicants in a very competitive labor market as well as attract future clients. Many focus group parents said they were willing to give up some of their pay for the option of a workplace child care center. In our meetings, the concept of an employment brand was mentioned frequently; an organization becomes known to applicants for the pay, benefits, and culture it offers to employees. This brand awareness is key to applicants as they make their employment decisions.

"I would join a company that offers crèche service, even if I get lower pay."
— Focus Group Participant

Productivity & Career Advancement

Senior leaders feel child care issues are affecting employees' productivity at work due to breakdowns associated with unreliable care and/or concerns about less-than-desirable care options. Many focus group parents shared that they spend a significant amount of time on the phone checking in on their child's caregiver to make sure their child has been fed, is safe, has had his or her diaper changed, etc. This dramatically decreases parents' productivity, and the unreliability of their care causes unexpected work absences that affect their short-term productivity and long-term career growth. Perhaps one of the greatest hidden costs to employers from employees' child care issues is the dramatic impact these issues can have on working mothers' ability to work to their full potential, take on more responsibility, and ultimately advance in their organizations — simply, their ability to fully contribute to their organizations' success.

Many fathers in the focus groups also missed work due to child care breakdowns, supporting the view that child care is more than just a women's issue. For senior leaders, this also compounds the economic implications for employers caused by the absence of reliable child care, particularly as more dual-income families emerge in the workforce.

"Because we don't have a good place to leave our child, we are less inclined to take on projects that need extended time at work or have more responsibility, even though we have the skills for it." — Focus Group Participant



"The reputation value [of a child care center] would be quite high. Our clients would see us as an employer of choice. A place where the employees are more committed and motivated. It would be a differentiator setting us apart from our competitors."

— Focus Group Participant

"Business is affected because you train/invest in people and then they leave [to raise a child] just when you can recoup the fruits of your investment. Then we have to re-invest, which is costly."

— Leadership Interview

“We are aiming toward creating an ‘employer of choice’ image. Child care is an important factor in creating that image.” — Leadership Interview

Opportunities & Solutions

Senior leaders and focus group parents feel a multipronged set of child care supports and resources would best assist working parents’ efforts to be successful both at work and at home, thus positively affecting the bottom line of their organizations. These strategies include the offering of direct child care services (such as work-site centers), community partnerships, policy changes such as flexible work practices, and better access to parenting information.

Unique in our experience is the lack of parental concern over affordability, the cost of quality care being seen as a worthwhile investment in the family’s earning potential and the child’s future. Outside of a desire for additional paid maternity, paternity, and adoption leaves, focus group parents did not specifically desire financial supports, such as discounted center tuition rates. Instead, given parents’ struggles to find quality care, the primary focus of participants was the creation of additional care options that meet their requirements. Again, most parents were willing to pay more for this care than they are currently spending. Economic data also indicates that many will be able to pay more in the future, as discretionary income is expected to double by 2025. (McKinsey Global Institute)

Many current employer-supported programs, however, are focused on creating partnerships with community providers in order for their employees to receive discounted fees. Ironically, these programs may be negatively affecting the quality of care working parents find available. These discounts are typically not reimbursed by the employer, which results in decreased revenue to the center, and therefore, a diminished ability to provide staff with reasonable pay, benefits, and training opportunities.

Employer-Sponsored Care

Top of mind for focus group participants is the creation of a child care center sponsored by their employer. These centers would provide a safe and educational program to infants through 6-year-old children, back-up care (when the current child care provider is unavailable), and school-age programs for children up to 12 years old when school is out of session.

While the idea of a work-site center generated the most interest by focus group parents, there were significant challenges raised by parents and senior business leaders when considering implementing this type of solution. Specifically:

- **Transportation:** With few employees owning cars and long commutes due to traffic, the location of a center at the work site will be difficult to use for many employees. Companies that currently provide employer-sponsored child care often do so in converted apartment space located in employee residential housing complexes. Few companies provide these housing complexes anymore, however, and employees now live across broad geographic areas. Therefore, many employers provide transportation to employees to and from the work site. One option to support a centralized work-site center is to allow employees to commute with their children by using company-provided transportation. Parents did not feel their employer would be liable should anything happen; however, interviewed leaders were concerned about this risk and would investigate further before implementing such a solution.

While transportation is a formidable issue to consider, a substantial portion of focus group participants said they would find a way to commute with their children if it meant they could access high-quality care. Therefore, work-site care is still a viable solution, but potential usage might be affected due to transportation issues.

- **Space:** Most of the employers who participated in this study are either located in urban centers and/or in office parks. There is little available space to build a center, and what is available is often expensive. Many interviewed leaders are open to the idea of partnering with local employers and/or office park developers to mitigate space issues.

“Cost is not an issue. We are willing to pay if the crèche has high security, good nutritious food, and children are learning.” — Focus Group Participant

- **Employer Liability:** Interviewed leaders are concerned about taking on the risk of caring for children. Most leaders were not concerned about litigation (India is not a highly litigious society), but seemed to be focused on public relations and employee relations risks. These risks can be mitigated in a number of ways: hiring a high-quality child care provider to manage the day-to-day operations of the center; providing space specifically designed to enable quality care; and providing appropriate insurance coverage for the program. While child care-related insurance coverage typically found in the U.S. and Europe currently does not exist in India, our preliminary investigation indicates that it can be created and offered without being prohibitively expensive.
- **Center Operator:** All of the interviewed leaders would have a desire to engage with a quality provider to operate the center in order to provide a quality program and mitigate risk. However, many employers who have explored child care options in the past shared that they have had difficulty finding a child care partner who could meet all their programmatic requirements, such as infant and toddler care, geographic coverage, affordability, etc. and provide the desired quality of care.
- **Financial Support:** Many interviewed leaders were willing to provide up-front capital to provide child care space as well as cover ongoing occupancy expenses. However, to provide the level of quality desired by parents and employers, many programs may need additional ongoing financial support. This financial support could be lessened if parents are willing and able to pay significantly higher tuition rates than typically seen in the market for these programs.

Community Partnerships (Center “Tie-Ups”)

Parents and employers are also interested in developing partnerships between the employer and local community child care centers in which parents are able to gain priority access and/or reduced fees to these programs that may be more conveniently located near their homes. Employers are able to offer a child care support to employees with minimal investment and risk, and the center provider receives referrals and free marketing to employees in the sponsoring organization. While some of these programs are successful, a number of companies have had significant difficulty finding a quality center provider to contract with and/or found that the centers were still too difficult to access for a number of employees who use company-provided transportation.

Policy Supports

Formal flexible work practices were high on the list of supports desired by both mothers and fathers. Focus group parents also desire the ability to adjust their work responsibilities for periods of time in response to their changing family responsibilities (on- and off-ramping).

“Personally I would be okay taking a slow down in my career for a brief time when my child is young. There should be a policy in place that defines this option. In the absence of a policy, instead of the career slowing down, it could get derailed.” — Focus Group Participant

“As a father, I have a role to play even though I have my wife and parents to care for my child. Right now with the schedules and hours of work, this is not possible.” — Focus Group Participant

Additional Supports

Focus group participants also suggested a number of additional supports that would help them be more successful and engaged at work. These supports include:

- Extended maternity and paternity leaves (paid if possible)
- Adoption leave (to match maternity leave policies)
- Short-term work schedule adjustments after birth/adoption of a child for both mothers and fathers
- Manager training on work/life issues
- Parent networking groups
- Intranet site with parent resources
- Child care resource and referral service (We were unable to identify a national provider, although one global company has developed their own program.)
- Nanny agency (We were unable to identify an agency that provides trained in-home child caregivers, although some parents were aware of local churches that provide some training; there may be an opportunity to more fully develop this type of program with corporate sponsorship.)
- Lactation rooms within the work site
- Space at the work site for maids to bring children together for socialization and additional adult supervision

Comprehensive Solution Needed

A hub-and-spokes system that combines a work-site center and network of community centers with an overlay of policy and information supports is a comprehensive solution that will benefit parents and employers alike. The employers who are first able to implement a comprehensive child care support strategy will gain enormous competitive advantages for the recruitment and retention of educated and trained employees in India, especially women who see their employer as providing the resources to ensure their talents are fully utilized and their potential is achieved.



More Information

The Consulting Practice at Bright Horizons Family Solutions completes work/life and child care feasibility studies for employers around the world. Additional information regarding this study or the ability of The Consulting Practice to assist your organization at a specific location can be obtained by contacting clientservices@brighthorizons.com or (800) 453-9383, ext. 1600.

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