

## **Childcare Is a Business Issue**

by Alicia Sasser Modestino, Jamie J. Ladge, Addie Swartz, and Alisa Lincoln

April 29, 2021



ljubaphoto/Getty Images

**Summary.** Childcare is not a family issue, it is a business issue. It affects how we work, when we work and for many, why we work. Moving forward, employer-provided child care could also influence where we work. Employers that provide high-quality childcare will not only... [more](#)

When the Covid-19 pandemic removed the safety net of schooling and employee-paid child care for working families, the damage was cataclysmic. Without a stable form of childcare as part of the business infrastructure, the world stopped working for the vast

majority of working parents around the world. One third of the U.S. workforce, or an estimated 50 million workers, has a child under 14 in their household. As researchers, practitioners, and mothers ourselves, we wanted examine the role childcare played in the employment decisions made by families and more importantly, what those choices can teach us about the needs of working parents moving forward.

In our national panel survey of 2,500 working parents we found that nearly 20% of working parents had to leave work or reduce their work hours solely due to a lack of childcare. Only 30% of all working parents had any form of back-up childcare, and there were significant disparities between low and high-income households.

Of those who lost a job or reduced hours due to childcare, 40% of parents said that the factors for deciding who would be responsible for taking care of the children came down to which parent worked more hours or had a less flexible schedule. Shockingly (but honestly), nearly one third said that deciding who would take care of the kids came down to “who was better at it.” In comparison, less than one quarter cited income as a factor in their decision — suggesting that gender roles still loom large in household decision-making.

---

## What Factors Affect Household Childcare Decisions?

Among all parents surveyed, the most common factors affecting how childcare was divided within the household were related to employment status. Households where one parent lost a job or had reduced hours due to childcare cited factors including “who was better at taking care of the kids” at a higher rate than those households where there were two working parents.

- For all parents
- Where any parent in household reported losing job or reducing hours due to childcare

Which person is currently employed



Which person works more hours



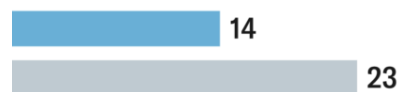
Which person has a flexible work schedule



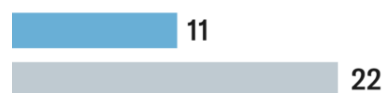
Which person is better at taking care of kids



Which person earns more income



Which person is more at risk of being laid off



Source: National panel survey of 2,557 working parents conducted by Northeastern University between May 10 and June 22, 2020



[See more HBR charts in Data & Visuals >](#)

## Why Is Childcare Not a Business Issue?

In our survey, 26% of women who became unemployed during the pandemic said it was due to a lack of childcare.

Women also said they significantly increased their time spent on schoolwork and playing with children as well as cooking and cleaning, while men saw marginal increases in household chores. While working women have always shouldered more of the household responsibilities, Covid-19 made work-life balance disproportionately more difficult for women, and in particular, single mothers and women of color. In our survey, women were more likely to report that their hours were reduced due to a lack of childcare if they were Black (23% for Black versus 15% for non-Black) or if they were single, divorced, separated, or widowed (22% for not married versus 15% for married).

Vice President Kamala Harris addressed the dire problem for women in *The Washington Post*, arguing that the economy cannot fully recover unless women fully participate. She said that “without affordable and accessible child care, working mothers are forced to make an unfair choice.”

Data shows that the United States’ gross domestic product could be 5% higher if women participated in the workforce at the same rate as men.

Given these economic realities and the truths that our survey laid bare, the question we pose is: Why is childcare still an employee issue and not a business issue?

### **Making Childcare Part of the Business Infrastructure**

History reveals that periods of struggle have stimulated change in employee benefits. The Great Depression brought Social Security. World War II and the Stabilization Act brought the first health insurance benefits. The rise of unions brought even more comprehensive health care offerings including dental and vision coverage for families.

The pandemic offers us another opportunity to create change for working parents, especially women.

The percentage of women in the labor force in 1950 was 30% compared to 62.7% in 2018. Yet the benefits packages employees receive today were created during a time when most households had only one parent in the workforce, and that parent was male.

Providing childcare was not on an employer's benefits radar because women were already doing that (unpaid) work at home. Ironically, when women took over the jobs for men fighting in WWII, author G.G. Wetherill wrote, "The hand that holds the pneumatic riveter cannot rock the cradle at the same time."

In response, the landmark Lanham program was created. It was the first and only federally subsidized childcare program for working parents regardless of income. Unfortunately, once the war ended, the program did too. Men went back to work, and women reverted back and assumed their (still unpaid) jobs at home. Following the closing of the Lanham childcare program, Eleanor Roosevelt wrote, "The closing of childcare centers throughout the country certainly is bringing to light the fact that these centers were a real need."

There is still a real need. The coronavirus pandemic has exposed the previously invisible (or forgotten) link between child care and the economy. It is the lifeline for women to stay employed. More than 2.3 million women have left the labor force since February 2020, accounting for 80% of all discouraged workers during the pandemic, reducing the labor force participation rate to 57%, the lowest it's been since 1988.

Even before the pandemic, inadequate childcare was costing working parents \$37 billion a year in lost income and employers \$13 billion a year in lost productivity. Based on our data, *Barron's* estimated that closing schools for Covid-19 could cost about \$700 billion in lost revenue and productivity or 3.5% of GDP.

Nearly two thirds (63%) of parents we surveyed had difficulty finding childcare during the pandemic, including 33% who found it very difficult — nearly double what parents reported just six months ago. The numbers are even worse for Black and brown families.

During the pandemic, our survey revealed that working parents lost eight hours per week on average due to a lack of childcare. Combining reported hours lost for the individual as well as their spouse/partner, our survey revealed an even greater loss of 14.6 hours per week. This is similar in magnitude to the loss of hours due to staff reductions, loss of business, or lack of remote work available.

The sooner employers treat childcare with the same seriousness as health care and other aspects of businesses infrastructure, the faster employees can get back to full force.

Here are four ways to start the process of aligning women, childcare, and the economy post pandemic.

### **1. Create Support Structures for Women at Work**

The future of work is going to be more fluid than in the past, with more work being done remotely and less confined to 9 to 5 hours. Additional childcare options will help relieve women of the additional role of school teacher and babysitter that so many assumed during the pandemic, but this new hybrid work model will indelibly blur the lines between work and family responsibilities, putting new and different pressures on women.

Companies are going to need to do more to foster engagement and create a sense of belonging, particularly for women who historically have not advanced at the same rate as men within firms. Addie's work (helping scores of women return to work as well as stay there) has found that community — in particular, small cohorts of women sharing both successes and challenges, and bolstering each other as they navigate balancing both work

and home — is particularly important in supporting women at work and in strengthening employee engagement, satisfaction, and retention. Addie’s work has shown that companies that have adopted programming designed to build community and peer-to-peer support networks have seen a 90% increased commitment and organizational attachment from their female professionals. It’s clear that providing child care infrastructure is critical to supporting working mothers, but without support for the women themselves the full benefits for productivity and career satisfaction are in peril.

## **2. Offer Flexible Work Schedules and Remote Work for All Parents**

One of the most positive pieces of data from our survey revealed that women were less likely to cite childcare as a reason for becoming unemployed if they had access to paid family leave through their employer, the ability to work from home, or support from coworkers.

Jamie, in her book *Maternal Optimism*, has previously noted that the American education system hardly qualifies as full-time care. Yet it’s what working women have been relying on to squeak through for decades. The average school is closed for 29 days during the 10 months a year when it is officially “in session.” These days off, along with summer vacations and the perceptual misalignment between the school day and the work day, all create gaps in childcare.

Employers need to expand policies and practices to support all working parents of children under the age of 18. Each stage of parenting delivers different challenges, parental needs and most importantly, parental presence.

Hopefully remote work will be more accepted after a year proving that it is a feasible and productive option for employees — especially parents — in need of more flexibility.

### **3. Increase Childcare Subsidies as Employee Benefits**

We understand that providing childcare as a benefit may not provide the same corporate tax incentives as providing health care (yet), but when weighed against the costs of finding and hiring new employees, the investment in keeping parents employed by offering childcare proves its value. Moreover, this is how paid leave is structured in states like California and Massachusetts, where employers pay into a fund that can then be used by workers for any type of caregiving that includes a child, spouse, or elderly family member. In this way, the caregiving benefit is akin to health care such that we are collectively ensuring that we can meet the needs of loved ones rather than relying exclusively on the invisible caregiving labor of women or private savings.

Companies can get creative in how they do this. For example, biotech company Genentech partnered with an organization that helps employees find high-quality programs for their children when school is not in session. Johnson & Johnson provides financial assistance for the speech, occupational, mental health, and physical therapy needs of employees' children. These are just a few examples of how corporations can put their combined leverage into making child care support possible for all working parents.

### **4. Provide On-Site or Local Childcare Spaces and Supervision**

Black and Hispanic families were more likely to live in childcare deserts with few options before the coronavirus pandemic struck. Indeed, our survey of working parents found that the loss of hours due to lack of childcare thus far in the pandemic is greater for women of color, women without a college degree, and women living in low-income households — groups which lost nine or more hours per week and who were more likely to be working in essential industries that require in-person work.



When back-up childcare was available to these vulnerable populations, they lost fewer hours of work per week during the pandemic. Employers who can pool together to offer quality on-site or local childcare options for employees will see more productive and loyal employees. As mothers, the mere idea of being able to bring our children to work and know they are well cared for, safe and engaged, would be a game-changer.

Our survey of working parents revealed that both moms and dads are currently experiencing high levels of distress, with two thirds scoring in the range of high psychological distress on the standard K6 mental health scale used by researchers.

Childcare is not a family issue, it is a business issue. It affects how we work, when we work, and for many, why we work. Moving forward, employer-provided childcare could also influence where we work. Employers that provide high-quality childcare will not only differentiate themselves from the competition but will also create a “sticky” benefit that fosters retention. Employees are less likely to move to a new job if it also means moving their childcare from an environment they love and trust.

It is up to businesses to think creatively about ways to build the childcare infrastructure we need to help working parents keep working for their families, and the economy as a whole.

## AM

**Alicia Sasser Modestino** is an Associate Professor with appointments in the School of Public Policy and Urban Affairs and the Department of Economics at Northeastern University. Since 2015, Dr. Modestino has also served as the Associate Director of the Dukakis Center for Urban and Regional Policy.

## JL

Jamie Ladge is an Associate Professor of Management at the D'Amore McKim School of Business at Northeastern University and a Distinguished Research Professor at the University of Exeter Business School. Her book, ***Maternal Optimism: Forging Positive Paths through Work and Motherhood***, explores the uniqueness of each working mother's journey to integrate career and family.

## AS

**Addie Swartz** is CEO of reachIRE, a provider of cohort-based return-to-work programs and talent engagement platforms for professional women that arm companies with the programs and tools they need to build and retain diverse organizations at all levels of the pipeline.

## AL

**Alisa Lincoln** is a Professor with appointments in Sociology and Health Sciences at Northeastern University. She also serves as an Associate Dean of Research in the College of Social Sciences and Humanities and is the Director of the Institute for Health Equity and Social Justice Research.