

Tots and Turnover

New Research Shows Workplace Childcare Initiatives Help Organizations Retain Women

By Stephany Below, PR Specialist

Most parents would probably agree that workplace childcare initiatives are helpful to them personally, but relatively little is known about these initiatives' effects on organizations as a whole.

New research by **Matthew M. Piszczeck** at Wayne State University, recently published in the *Journal of Management*, reveals organizations *do* benefit, as childcare initiatives are associated with lower collective turnover rates for women in years following their introduction. The results also show that higher female collective turnover rates are associated with a higher likelihood of an organization adopting a childcare initiative in subsequent years.

In other words, organizations that need to retain women are more likely to create childcare initiatives—and these initiatives are likely to work.

Organizational childcare initiatives are defined as “practices designed to mitigate the financial, temporal, or emotional demands associated with being a child caregiver.” Such initiatives include free or low-cost on-site childcare, childcare subsidies for third-party care, and referrals to childcare services.

Previous research on work-family practices has largely focused on individual employees as opposed to organizational performance. In addition, while some work-family practices, such as flexible schedules and telecommuting, have received a great deal of research attention, few studies test the effects of childcare initiatives in particular and are largely inconclusive.

In his paper, “[Reciprocal Relationships Between Workplace Childcare Initiatives and Collective Turnover Rates of Men and Women](#),” Piszczeck explored the relationship between establishment childcare initiatives and collective turnover rates of men and women by assessing turnover in German organizations between 2002 and 2012. He utilized context-emergent turnover theory, which is a theory that explains how individual turnover affects collective human capital quality and quantity at the unit level.

“Most relevant to this paper, the theory helps explain how childcare availability affects collective turnover, even among employees without children,” he explained.

The study examined 1,428 establishment-year-level observations of a childcare initiative in place, making it one of the only large-scale studies of childcare initiatives across multiple industries and throughout an entire economy.

Organizations may adopt childcare initiatives to reward employees when the establishment is performing well. Alternatively, they may choose to adopt childcare initiatives in response to high turnover levels in order to increase employee retention. To distinguish between these two

scenarios, the present study examined the relationship between childcare initiative and collective turnover rates both between establishments and within them over time.

Results showed establishments have lower collective turnover rates for women in the year after a childcare initiative is in place compared to the year after a childcare initiative is not in place. The results also showed that more profitable and higher-paying organizations are more likely to have childcare initiatives, as were those with works councils and those actively hiring. These results suggest that bigger and better-performing organizations are more likely to have childcare initiatives. Finally, the proportion of women in the establishment had a high correlation, suggesting it is a major driver of childcare initiative adoption.

“Comparing establishments with and without childcare initiatives, at first it looked like the establishments with childcare actually have higher collective turnover than establishments without childcare, Piszczek explained. “But tracking the same establishment over time shows that any one establishment actually has *lower* collective turnover when it has a childcare initiative in place than when it doesn’t.”

Considering the level of investment organizations must make to maintain onsite childcare facilities, childcare subsidies and partnerships with local childcare centers may be less risky and more cost-controllable ways to offer childcare assistance to employees while still signaling a family-friendly climate, though less convenient for employees, Piszczek explained. Additionally, the type of turnover—that is, of high- or low-quality human capital—also matters. When childcare initiatives prevent loss of high-quality or high-demand human capital, they may be more strategically relevant and thus cost-effective.

The study did not test the specific reasons why childcare initiatives might lower turnover, but there are a number of likely co-occurring mechanisms, Piszczek noted. Post hoc testing suggests that childcare initiatives’ effects are strongest in midsized firms and those with low-to-average proportions of female employees, suggesting that having too many participants in childcare initiatives may limit their effectiveness. This may be the case if childcare initiatives are present but cannot account for high demand, Piszczek explained.

“For practical and financial reasons, having a convenient on-site childcare facility may be the only way a person is able to arrange childcare at all, either because it is the only option or the only affordable one,” he explained. “For these employees, quitting is not really a viable option. However, there is also a broader signal of support when such practices are in place that may make employees feel more supported. Even if they don’t have children, knowing that the establishment is supportive of childcare needs may help employees feel like the organization is more supportive of employees in general. This would be a form of what is known as affective commitment.”

Germany is an ideal context to study the effects of childcare policies, Piszczek said, due to the significant cultural pressure on mothers to stay out of the workforce.

“Research shows that one third of German women decide not to have children due to difficulty balancing work and family,” he explained. “Other research argues that Germany’s limited public childcare options have hampered female labor force participation.”

The idea that childcare practices are associated with lower turnover is likely to hold in the U.S., but the strength of that association might be weaker in the United States, Piszczeck added.

“The effectiveness of childcare as an option for reducing turnover probably depends on the societal compatibility of motherhood and/or fatherhood and work and social policy encouraging or discouraging female labor force participation,” he explained. “In Germany, there is a stigma against working mothers, but working women are very important to the economy, so there is a place for work-facilitated childcare to be particularly helpful.”

In light of these results, companies should consider options to facilitate childcare for their employees, especially if turnover is high, Piszczeck said.

“The study provides some evidence that employees value this benefit enough that its presence can predict collective turnover,” he explained. “Organizations should be sure that these benefits are accessible to employees. Some companies have scaled back their childcare initiatives, and this is sure to frustrate employees who depend on them. While the study is at the establishment level, I think it speaks to the broader need for managers to help employees manage their work and family demands. Research has shown time and time again that managers hold a lot of authority—both formally and informally—about how employees can manage these often conflicting demands. Signaling to employees that you can help support management of these conflicts is important, even to the employees who are not actively experiencing role conflict.”

Piszczeck explained that future research should distinguish between rationales for adopting childcare initiatives to determine whether they affect the strength of the relationship. For example, there may not be as strong of a negative relationship between childcare initiative adoption and collective turnover rates in high-performing establishments because turnover is likely to already be low. He also hopes future research will identify other country contexts with similar or different environments regarding childcare initiatives as well as identify organizational characteristics in which childcare initiatives are more or less effective.