From Barriers to Breakthroughs: Family-Friendly Workplaces for Indonesia's Future



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About

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IFC—a member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2024, IFC committed a record \$56 billion to private companies and financial institutions in developing countries, leveraging private sector solutions and mobilizing private capital to create a world free of poverty on a livable planet.

For more information, visit www.ifc.org.

IGNITE

Established in 2022 by Kearney and Egon Zehnder, IGNITE is a non-profit organization dedicated to mentoring, networking, and community building for professional women. Since 2024, IGNITE has collaborated with IFC to advance family-friendly workplaces in Indonesia. This partnership aligns with IGNITE's goal to create a supportive and inclusive environment where women can thrive, learn and share resources, and build meaningful connections. By fostering mentorship and collaboration, IGNITE aims to break down barriers, challenge gender biases, and pave the way for future women leaders. Membership has grown to over 70 companies and nearly 150 professional women across the country.



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Foreword

With abundant natural resources and a large and young population, Indonesia is a country brimming with potential. To realize this potential, unlocking the talent, creativity, and energy of all its people will be essential. The country has an opportunity to shape a future that is inclusive, innovative, and resilient. A critical step toward this goal is expanding opportunities for the workforce—especially women, who remain underrepresented in the workplace due to caregiving responsibilities.

IFC's report From Barriers to Breakthroughs: Family-friendly Workplaces for Indonesia's Future presents findings from research conducted with IGNITE and reveals the transformative power of addressing these challenges. Our study of multiple Indonesian companies highlights the tangible cost of unmet childcare needs in the workplace — significantly undermining both productivity and employee wellbeing. While caregiving responsibilities silently erode attendance and performance, a majority of workers believe that access to childcare support would directly enhance their ability to contribute and reduce absenteeism.



Euan Marshall
Country Manager for Indonesia,
IFC

These findings underscore a compelling business case: family-friendly policies boost productivity, retention, and innovation, while empowering caregivers to thrive—benefiting families, businesses, and Indonesia's economy.

Since 2017, IFC's Tackling Childcare initiative has delivered consistent results across more than 20 countries, showing that family-friendly policies enable firms to attract and retain talent and enhance profitability. Just as companies invest in infrastructure, technology, and systems to drive performance, investing in people—especially working parents—is a strategic decision that improves productivity, retention, and innovation. It is not charity; it is smart business.

Indonesia has an opportunity to lead in building family-friendly workplaces. There is an urgency to act. Employers, policymakers, and communities must unite to champion tailored solutions, such as childcare subsidies, flexible schedules, or family leave, that meet the diverse needs of the workforce, narrow gender gaps, and fuel sustainable economic growth.

IFC stands ready to support this transformation in Indonesia. Together, we can seize this moment to create inclusive workplaces that empower every caregiver and unlock a brighter, more prosperous future for all.

A Message from IGNITE

At Kearney, we have long believed that meaningful progress on diversity, equity, and inclusion requires more than just good intentions—it requires addressing the underlying systems that shape people's ability to participate fully in the workforce. One of the most persistent and invisible barriers to women's economic advancement in Indonesia is unpaid care work, particularly childcare and care for the elderly or disabled family members.

The findings of From Barriers to Breakthroughs: Family-friendly Workplaces for Indonesia's Future study, led by IFC in collaboration with IGNITE, confirm what many employers have sensed: the lack of accessible, affordable, and high-quality caregiving services has a measurable impact, not only on individual women's careers but also on overall business performance. From increased absenteeism to lower retention and productivity losses, the cost of inaction is clear.

As a founding partner of IGNITE, Kearney is proud to support initiatives that go beyond awareness—creating practical pathways for companies to build more family-friendly, inclusive workplaces. This study presents not just the challenges but also a compelling business case and, most importantly, actionable solutions that reflect the real needs of Indonesia's workforce.

Empowering women is not just a moral imperative—it is a strategic one. By recognizing that supports for caregiving responsibilities are essential infrastructure for economic participation, we can unlock the full potential of Indonesia's talent and drive more resilient, equitable growth for the future.

We hope these insights inspire more organizations to take bold, informed steps toward change.



Shirley Santoso

Partner and
President Director,

Kearney Indonesia



Participating Companies

This research was carried out across 13 private sector companies in Indonesia.

They represent businesses from diverse sectors – financial services, manufacturing, consulting, retail, e-commerce, and food and beverages. Collectively, they employ 33,000 workers, 69 percent of whom are women.

We warmly appreciate the management and employees of these participating companies for their valuable time, insights, and contributions.

FINANCIAL SERVICES

Includes companies in Banking, Digital Banking, and Self-Regulatory Organizations











MANUFACTURING

Includes companies in Garments and Food and Beverages







OTHER

Includes companies in Consulting, Retail, E-commerce, and Food and Beverages









Abbreviations

CSR	Corporate Social Responsibility
ECED	Early Childhood Education and Development
FGD	Focus Group Discussion
FMCG	Fast-Moving Consumer Goods
GDP	Gross Domestic Product
HR	Human Resources
IBCWE	Indonesia Business Coalition for Women Empowerment
ICT	Information, Communications, and Technology
IFC	International Finance Corporation
ILO	International Labor Organization
KPA1	Indonesian Child Protection Commission
LQ45	Indonesia Stock Exchange Index (top 45 listed companies)
NGO	Non-Governmental Organization
PAUD	Pendidikan Anak Usia Dini (Early Childhood Education and Development)
P&G	Procter & Gamble
RISE	Reimagining Industry to Support Equality (formerly HERproject, a BSR initiative)
TPA	Taman Penitipan Anak (daycare facilities)
UNESCO-UIS	United Nations Educational, Scientific and Cultural Organization - Institute for Statistics
UNICEF	United Nations International Children's Emergency Fund
USG	Ungaran Sari Garments
WWB	Women's World Banking





Key Findings (Childcare)



>50% of respondents had dependent children under 18.

Almost 50% of working parents had preschool-aged children.

On average, each working parent had 2 dependent children.



±20% of working parents relied on a babysitter or nanny as their primary caregiver.

Only 16% of working parents had a consistent backup for their childcare arrangement.

The majority of working parents relied on **informal childcare services**, including care from spouses and grandparents as their primary caregivers.



50% of all respondents reported that childcare responsibilities were impacting their work.



The annual productivity loss was **IDR 60.970.682.636** or **~2%** of the total participating companies' wage bill.



On average,

4 working days were lost
per employee annually due
to challenges balancing
work and childcare.



Key Findings (Other Care)



In the past year, other caregiving responsibilities have affected respondents' work, with 23% considering or strongly considering taking a leave of absence, 19% missing work, and 18% experiencing stress that negatively impacted their performance.



More than **one-third** of respondents were responsible for caring for aging family members.



Around one-quarter of all respondents belong to the 'sandwich generation,' managing care for their children and aging family members simultaneously.



Executive Summary

Advancing family-friendly workplaces is a strategic investment that unlocks the vast potential of Indonesia's population and drives sustainable economic growth. Over one-third of Indonesia's 208 million working-age people are outside the labor force, representing a significant untapped resource. Women far outnumber men in this group, with only 53 percent of women in the labor force, markedly lower than the 81 percent of men, a disparity that has persisted for the past two decades. Many women with employable skills are unable to join the workforce as they primarily shoulder childcare responsibilities. Compared to men, women are more likely to resign from jobs, forgo promotions, or turn down job opportunities due to the difficulties of balancing work and childcare demands. Addressing care responsibilities presents a substantial economic opportunity for the country; a 25 percent increase in female labor force participation could add \$62 billion to Indonesia's GDP or 0.7 percentage points per year.

Despite its potential to boost workforce participation and accelerate economic growth, access to affordable, high-quality childcare in Indonesia remains limited, especially outside Java and urban centers. Across Indonesia, there are fewer than seven facilities per 1,000 children aged o to 6, and only 37 percent of the 33 million children in this age group are enrolled in early childhood education and development (ECED) programs. Cost barriers, scarce full-day services (offered by just 1 percent of facilities), and concerns about safety and quality drive most families to rely on informal care. Compounding these challenges, government funding for ECED, at only 0.04 percent

of GDP against a recommended 1 percent, falls short, deepening regional and economic disparities.

Family-friendly workplace policies enable working parents to thrive at home and work, boosting engagement and retention and improving business performance. Over five months, IFC and IGNITE surveyed over 2,000 employees from 13 Indonesian companies to evaluate their childcare needs and their impact on working parents. The study revealed that childcare responsibilities lead to significant productivity losses among working parents across genders.

ILO definition: Labor force participation rate is the proportion of the population ages 15 and older that is economically active: all people who supply labor for the production of goods and services during a specified period. It includes people who are currently employed and people who are unemployed but seeking work, as well as first-time job-seekers. Not everyone who works is included, however. Unpaid workers, family workers, and students are often omitted.



















On average, employers lose four workdays per employee annually, resulting in an estimated annual loss equivalent to 1.7 percent of the companies' wage bill. Half of the surveyed workers reported feeling distracted or missing work hours, and 25 percent missed work entirely.

This underscores the urgent need for greater access to childcare solutions. Employees among these companies preferred childcare subsidies, flexible work arrangements, and family leave to help them manage their childcare responsibilities. Significantly, 72 percent of respondents believed childcare support would improve work performance, while around half thought it would reduce absenteeism. These findings indicate that implementing childcare support measures can lead to substantial improvements in employee productivity and attendance, ultimately benefiting the overall performance and efficiency of the organization.

Employees also juggle other caregiving responsibilities beyond childcare, with 40 percent of respondents reporting having other caregiving duties. This includes 37 percent who care for elderly or aging family members and 3 percent who care for family members with disabilities or special needs. Almost a quarter (22 percent) belong to

the 'sandwich generation,' managing care for their children and aging family members simultaneously. These demanding and varied caregiving responsibilities lead to missed work, increased stress, and feeling distracted, significantly impacting employee well-being and work performance. Some employees even considered taking a leave of absence or leaving the organization altogether. This is consistent with national data, which indicates that around 40 percent of women in Indonesia quit their jobs after getting married or having children, and for family reasons.

There is a compelling business case for employers to offer family-friendly workplaces as they can generate economic and reputational gains. By supporting employees' care needs with tailored policies, companies can attract and retain talent, reduce recruitment and retraining costs, curb absenteeism, foster diversity, enhance innovation, and boost productivity. These initiatives are especially beneficial for women, who remain underrepresented in corporate leadership despite rising tertiary education rates. Moreover, investing in care strengthens a company's reputation. A large body of global evidence shows that companies with high levels of employee satisfaction achieve enhanced business performance and are viewed

more positively by both internal and external stakeholders. By prioritizing care, companies can obtain significant competitive advantages in this perception-driven market.

No single childcare solution fits every employer or parent. Businesses vary by location, operations, and workforce, requiring customized approaches. Similarly, diverse family structures and needs demand flexible, parent-specific childcare options, even within the same workplace. Indonesian employers can help address childcare gaps by offering tailored support that aligns with their operational needs and workforce priorities. By closely consulting with workers to understand their diverse needs, employers can select suitable childcare options, ranging from resource-intensive on-site childcare facilities to lower-cost flexible work arrangements, that maximize benefits for parents, children, and the business.







Introduction

Indonesia has an immense opportunity to harness its vast potential, yet a persistent lack of affordable, high-quality childcare remains a barrier to gender equality and economic progress. With a working-age population exceeding 208 million, the country faces a stark gender gap in labor force participation: only 53 percent of women were active in the workforce compared to 81 percent of men in 2022.² In Indonesia, women spend over three times longer than men on unpaid childcare, averaging 14 hours daily for mothers versus 4 hours for fathers.³ This disproportionate childcare burden restricts Indonesian mothers from participating in the formal economy, limiting their access to income-generating opportunities and hindering the nation's economic growth.

Global evidence, such as IFC's 2017 report, Tackling Childcare: The Business Case for Employer-Supported Childcare and subsequent country-specific research, underscores that family-friendly workplaces reduce absenteeism, boost productivity, foster a more committed workforce, and enhance corporate reputation among employees, investors, and customers across diverse markets like Bangladesh, Vietnam, and Papua New Guinea. By helping to address childcare and family responsibilities key barriers to Indonesian women's economic participation—family-friendly workplaces could significantly boost women's labor force participation, narrowing the gender gap and unlocking substantial economic potential. Quality childcare also enables children to thrive and develop, which is critical to developing a skilled future workforce that supports sustainable economic growth.

This report presents a compelling case for Indonesian employers to invest in family-friendly workplaces. It draws on primary research and local case studies to highlight actionable strategies and their benefits.

- **Chapter 2** explains why childcare is a growing area of national concern for policymakers and businesses alike in Indonesia and provides an overview of the childcare landscape in the country.
- Chapter 3 presents primary research on childcare needs and current arrangements among employees in selected companies in Indonesia. It analyzes how childcare and other caregiving responsibilities affect employees' attendance and performance and the broader implications for workplaces and overall business outcomes.
- Chapter 4 builds a locally driven business case for advancing family-friendly workplaces, showcasing how companies in manufacturing, agribusiness, and financial services have reaped rewards, such as improved retention and productivity, through tailored childcare support.
- Chapter 5 explores diverse support models, offering examples of employer-supported care solutions that align with workforce needs and business objectives.
 It also provides practical recommendations and immediate actions for employers.

This report underscores that investing in family-friendly policies is not only a moral imperative but also a strategic opportunity to drive economic growth, enhance corporate competitiveness, and build a brighter future for Indonesia's children and the broader communities

² World Bank, The Care Economy in Indonesia: A Pathway for Women's Economic Participation and Social Well-being (Washington D.C., August 2024), p.1, http://documents.worldbank.org/curated/ en/099080924014518193

³ World Bank, Care Economy in Indonesia, p. 29





2

Why childcare matters for sustainable economic growth in Indonesia

2.1 Childcare is key to unlocking Indonesia's potential

Despite impressive recent growth, many Indonesians continue to lack the economic security of a sustainable transition into the middle class. Indonesia has achieved consistently positive GDP growth rates, bringing notable progress in poverty reduction and improved living standards in recent decades.4 However, the profound impact of COVID-19 has highlighted the precarity of these gains. The economic fallout of the pandemic contributed to Indonesia slipping from upper-middle to lower-middle income status in 2021. Although the economy has since recovered, and Indonesia has been reclassified as an upper-middle-income country, it faces a stark poverty challenge. Approximately 60 percent of Indonesians live below the World Bank's uppermiddle-income poverty line of \$6.85 per person per day.6 There is an urgent need, and an opportunity, to promote inclusive economic growth that ensures more and better jobs for all Indonesians and a more resilient and competitive economy in the long term.

Harnessing Indonesia's significant workforce potential is key to achieving sustainable economic growth that can support better incomes and long-term development. Indonesia is the world's fourth most populous economy, with a working-age population (those aged 15 or over) of more than 212.6 million people in 2023. However, a third of all working-age adults – around 65 million

people – are not actively engaged in the labor force.⁷ This untapped potential labor force represents a significant underutilization of Indonesia's sizable population and a key constraint on private sector development and broader economic growth that can support ongoing progress in poverty reduction.

Increasing women's participation in the labor force is a priority to unlock Indonesia's growth

potential. Although Indonesia's overall labor force participation rate of 69.5 per cent in 20238 compares favorably with other regional economies, the participation rate for women is notably lower. Indonesia has one of the largest gender gaps in labor force participation rates in East Asia: 53 per cent of working-age women were active in the Indonesian labor force in 2022, compared to 81 per cent of men.9 This compares to female labor force participation rates of 60 percent in Thailand and 69 percent in Vietnam (see **Figure 1**). The potential economic impact would be substantial. The World Bank estimates that a 25 percent increase in the female labor force participation rate (which would bring Indonesia in line with East Asia averages) would add as much as \$62 billion to GDP between 2021 and 2025 or 0.7 percentage points per year.10

A 25 percent increase in Indonesia's female labor force participation rate would add as much as US\$62 billion to GDP.

Source: World Bank, 2021 & 2022.

⁴ World Bank and IFC, Unlocking the Dynamism of the Indonesian Private Sector: A Country Private Sector Diagnostic, (Washington D.C., 2019): https://www.ifc.org/content/dam/ifc/doc/mgrt/201910-cpsd-indonesia-v2.pdf; and World Bank, "Indonesia Gender Equality Program", Accessed May 14, 2025, https://www.worldbank.org/en/country/indonesia/brief/gender-equality-for-growth-research-and-analytical-program-in-indonesia

⁵ World Bank, "The World Bank in Indonesia: Overview", Last updated October 20, 2023, https://www.worldbank.org/en/country/indonesia/overview

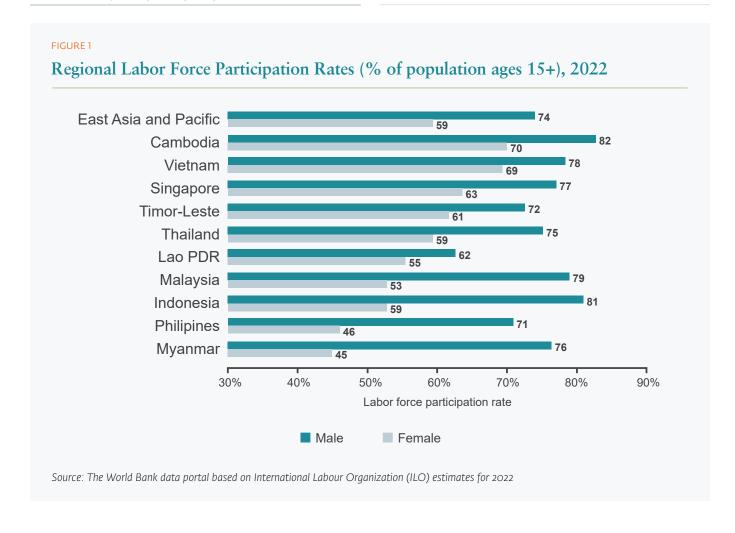
⁶ World Bank, Macro Poverty Outlook, (April 2025), https://thedocs. worldbank.org/en/doc/c6aceb75bed03729ef4ff9404dd7f125-0500012021/ related/mpo-idn.pdf

⁷ BPS Statistics Indonesia, "Labour Situation in Indonesia August 2023" Official Statistics News No.77/11/Th. XXVI, (6 November 2023), p.3, http://www.bps.qo.id

⁸ BPS, Labour Situation in Indonesia, p. 3

⁹ World Bank, Care Economy in Indonesia, p. 1

¹⁰ O'Donnell, A.; Dudu, H.; Romagosa, H. R.; Shanahan, K.; Britton, J.; Tas, E., Economic Gains from Investing in Childcare: the Case of Indonesia, (World Bank, Jakarta, May 2022), https://documents1.worldbank.org/curated/en/099110010032227938/pdf/P1721820ecba5doe9oad6206b56b8a2986e. pdf



However, women continue to face significant barriers that limit opportunities to access and remain in employment. Entrenched gender norms in Indonesia strongly emphasize women's roles as primary caregivers. At the same time, affordable, quality childcare options are often scarce, leading many women with children to exit the formal workforce. Nearly 40 percent of Indonesian women in wage employment leave their roles after marrying and having children.¹¹ Although women with access to informal care support from older women or economically inactive women in their household are more likely to remain in paid employment, primary responsibility for care often entails a 'second shift' of unpaid care work when they return home.¹² The difficulty of balancing family

obligations with paid work means that many women are reluctant to return to wage employment after having children.¹³

Strengthening access to quality childcare would enable unemployed primary caregivers to enter the labor market, benefiting employers, individuals, and the Indonesian economy.

When Indonesian mothers receive childcare support, their availability for paid work increases, leading to higher earnings and improved job quality. Access to eight or more hours of childcare per day is linked to

¹² Halim, D., Johnson, H., and Perova, E., Could Early Childhood Care and Education Services Improve Women's Labor Market Outcomes in Indonesia? East Asia and Pacific Gender Policy Brief No. 1., (World Bank, 2017), https://openknowledge.worldbank.org/server/api/core/bitstreams/48b1b9a5-d241-5f13-bcde-29f73b3f3o69/content

¹³ Dong, S.X. and Merdikawati, N, Flexibility for women in Indonesia's labour market, Asia and the Pacific Policy Society, (2022), https://www.policyforum.net/flexibility-for-women-in-indonesias-labour-market/

a 29 percent rise in labor force participation and an additional 1.5 hours of paid work daily. It also enhances mothers' chances of securing formal employment by 15 percent, working full-time by 20 percent, and boosting their earnings by 66 percent.¹⁴ Furthermore, 18 percent of households with primary caregivers would enter the labor force if they had accessible and reasonably priced childcare. With around 72.9 million households in Indonesia, this would equate to around 13.1 million people in employment, around a 6 percent rise in labor force participation on a national scale. Moreover, it is estimated that for every \$1 invested in accessible childcare services, the resulting employment surges would generate \$3 in economic activity.15 For example, it is estimated that the expansion of preschools in Indonesia in the early 2000s has increased the productivity of manufacturing plants that employ mostly female employees by 9 percentage points.16

More accessible and affordable childcare could allow up to 13 million people to enter the workforce, signifying a 6 percent rise in Indonesia's national labor force participation rate.

Source: Fraym, 2022.

Increasing women's participation in the labor force can also help address persistent challenges that constrain prospects for growth and the creation of high-quality jobs. The private sector is the main engine of job creation in Indonesia, 17 yet

Indonesian firms face significant competitiveness and productivity deficits that undermine business performance and private sector development. Barriers include inadequate public infrastructure, such as limited access to and/or poor-quality public health and education services, which have both short and longterm adverse effects on human capital performance and development.¹⁸ Firms also face a significant (and related) productivity challenge. There has been negative labor productivity growth in Indonesia in all but one of the last 10 years, and average productivity (output per worker) is below regional averages.19 Many firms also report challenges in attracting international investment to support innovation and new technologies that are critical to closing performance gaps.20

More affordable and accessible childcare has important spillover effects beyond the labor market, benefiting parents and children in the short and long term. World Bank research has found that increased public expenditure on childcare services is linked to an increase in the overall welfare of families, particularly among low-income groups.²¹ By enabling women to enter or remain in the labor market, access to childcare presents an opportunity for higher family incomes, which supports longer-term financial security.²²

Access to childcare has been associated with long-term benefits for children. Global research has found that children who attend quality early learning or care centers tend to be more prepared for entering the formal education system and

¹⁴ World Bank, Care Economy in Indonesia, p. 49

¹⁵ Fraym, Indonesia Caregiving Return on Investment: Complete Report, (2022), https://fraym.io/wp-content/uploads/2022/06/Estimating-the-Return-on-Investment-of-Child-Caregiving-Programs_Study-of-Indonesia_June-2022.pdf

¹⁶ Cali, M., H. C. Johnson, E. Perova, and N. R. Ryandiansyah. *Caring for Children and Firms? The Impact of Preschool Expansion on Firm Productivity*, Policy Research Working Paper 10193, (World Bank Group, Washington D.C., 2023), http://documents.worldbank.org/curated/en/099740009272217373

¹⁷ IFC and The World Bank estimate that the private sector is responsible for as much as 90 percent of all formal jobs in Indonesia.

¹⁸ World Bank, Indonesia, "Access to High-Quality Early Childhood Education Crucial for Continued Progress on Human Capital Development", Press Release, (September 11, 2019), https://www.worldbank.org/en/news/press-release/2019/09/11/indonesia-access-to-high-quality-early-childhood-education-crucial-for-continued-progress-on-human-capital-development

¹⁹ For example, output per worker for Indonesia averaged 22,839 (GDP constant 2017 international \$ at PPP) between 2012-2022, compared to 33,046 for the East Asia region and 26,524 for the Southeast Asia and Pacific region (based on ILO modelled estimates from November 2022).

²⁰ World Bank, Access to High-Quality Early Childhood Education

²¹ O'Donnell et.al., Economic Gains

²² World Bank, Access to High-Quality Early Childhood Education

are less likely to drop out or repeat a school year. In some countries, it has also been correlated with positive impacts on nutrition. Provision of childcare has been linked with better opportunities for older siblings, particularly girls, who are disproportionately relied upon for providing care for younger children compared to boys.²³ Many studies have suggested that the benefits of accessible childcare are greatest for children from marginalized backgrounds.²⁴ In Indonesia, age-appropriate childcare provision from 3 years of age has been associated with higher test scores when children reach primary school.²⁵

The government of Indonesia has identified strengthening gender equality and protecting the rights of women, youth, and people with disabilities as one of its medium-term development goals. Through legislation passed in 2024, the government aims to increase women's labor

force participation to 61 percent by 2029 (see **Figure 2**). It also imposes critical obligations on private sector employers to create family-friendly workplaces. The new law establishes maternity and paternity leave provisions, defines caregiving roles within families, and mandates employers to provide women- and child-friendly facilities, policies, and infrastructure in workplaces. It also recognizes caregiving as a shared responsibility between spouses.

By investing in childcare support for workers, the private sector can play an important role in addressing productivity and competitiveness challenges, alongside public investment and regulatory reform. Increased private sector participation in areas such as health and education services, including childcare services, can have direct positive impacts on labor supply and workforce productivity.

Figure 2

LAW NO. 4 OF 2024 ON MATERNAL AND CHILD WELFARE

Maternity Leave Provisions

Article 4 mandates that employers grant working mothers a minimum of three months of maternity leave, extendable by an additional three months for medical reasons with a doctor's note. **Article 5** ensures full wages for the first four months of leave, with 75 percent compensation for the fifth and sixth months if extended, and protects mothers from termination during leave, guaranteeing job security and labor rights.

Paternity Leave Provisions

Article 6 requires employers to provide fathers with two days of paternity leave for childbirth, extendable by up to three additional days by agreement, or two days for miscarriage, with further time off for circumstances like maternal or child health complications or loss of the mother or child.

Workplace Facilities and Accommodations

Article 30 obliges employers to provide accessible facilities, accommodations, and infrastructure for mothers and children, including those with disabilities, in workplaces. Employers must offer health services, lactation rooms, and childcare centers, with non-compliance risking administrative sanctions. Additionally, employers must provide flexible adjustments to tasks, hours, or workplace locations for working mothers, ensuring compatibility with childcare needs while meeting work targets.

²³ Brixi, Devercelli, Rutkowski and Saavedra, "Expanding access to childcare helps women, children and economies," World Bank Blogs, (October 10, 2022), https://blogs.worldbank.org/education/expanding-access-childcare-helps-women-children-and-economies

²⁴ Crawford, C., and Outhwaite., L., "Why should we invest in early childhood education and care?," *Economics Observatory*, (20 April, 2023), https://www.economicsobservatory.com/why-should-we-invest-inearly-childhood-education-and-care

²⁵ World Bank, Access to High-Quality Early Childhood Education

2.2 Significant childcare gaps and barriers to access constrain women's economic participation

Demand for early childhood education and development (ECED) providers in Indonesia has grown, but is still mostly oriented toward preprimary education as opposed to childcare.

Indonesia has nearly a quarter of a million ECED facilities, which serve only about 37 percent of the country's 33 million children aged o to 6, compared to a national enrollment target of 77 percent. Among the registered facilities, approximately 48 percent are kindergartens focused on preprimary education for children aged 4 to 6, while 42 percent are designated as playgroups for children aged 2 to 4. In contrast, only 1.4 percent of these facilities are daycare centers that provide full-day childcare services.²⁶

The scope and reach of formal childcare are limited in Indonesia, and access is uneven.

Families rely heavily on family members or informal caregivers for childcare.²⁷ Only 6 percent of participants in a 2022 household survey said they use facilities outside the home for childcare, compared to 69 percent who reported that either they or their partner were the primary caregiver, followed by relatives (10 percent), hired caregivers in the home (7 percent), and neighbors or friends (3 percent). Parents from marginalized groups²⁸ tend to rely more heavily on friends or family compared to those from higher socioeconomic backgrounds.²⁹ Older children are thought to sometimes provide childcare assistance,

particularly among low-income families, although the extent of this practice is unknown.³⁰ Children from economically disadvantaged backgrounds have lower enrollment rates in formal childcare,³¹ and there are significant regional disparities, with early childhood education enrollment for children aged 3 to 6 years, ranging from 13 percent in Papua to 69 percent in Yogyakarta.³²

State-provided childcare support has been limited, resulting in a reliance on nongovernmental organizations (NGOs) and community-based services. From 2000 to 2017, there was substantial growth in ECED providers, almost exclusively driven by private funding. In 2017, government funding only covered 1 percent of early childhood development services.33 In 2022, government funding for ECED and childcare services amounted to 0.04 percent of Indonesia's GDP, falling far short of the Organization for Economic Co-operation and Development's recommended 1 percent allocation.34 Despite some partial subsidies offered by the state, many parents cannot afford ECED fees.35 The lack of adequate public subsidies has led Indonesian parents to rely on NGOs and community-based groups for ECED services, exacerbating inequalities in access to and the quality of childcare facilities across economic groups and regions.36

Despite an overall increase in the number of childcare facilities, working parents still have limited access to childcare facilities, with the most acute gaps outside Java and beyond city centers. It is estimated that there are fewer than seven facilities for every 1,000 children aged between

²⁶ World Bank, Care Economy in Indonesia, p.11

²⁷ O'Donnell et.al., Economic Gains

²⁸ Defined in the study as families who were poor or from a minority ethnic group (Chinese Indonesia, Betawi, Buginese, or Minangkabau).

²⁹ Fraym, Indonesia Caregiving

³⁰ Andrina, M., and Kusumandarai, S.A., The Struggle for Adequate Childcare in Indonesia, Asia and the Pacific Policy Society, (September 14, 2022), https://www.policyforum.net/the-struggle-for-adequate-childcare-in-indonesia/

³¹ Fraym, Indonesia Caregiving

³² United Nations Children's Fund, The State of Children in Indonesia, (UNICEF Indonesia, Jakarta, May 2020), https://www.unicef.org/indonesia/sites/unicef.org.indonesia/files/2020-06/The-State-of-Children-in-Indonesia-2020.pdf

³³ Yulindrasara, 2018, cited in ILO, Extending Childcare services to workers in the informal economy: Policy lessons from country experiences, (2020), https://www.ilo.org/wcmsp5/groups/public/---dgreports/---gender/documents/genericdocument/wcms_737555.pdf

³⁴ World Bank, Care Economy in Indonesia, p.4

³⁵ UNICEF, The State of Children in Indonesia

³⁶ ILO, Extending Childcare

o and 6 years in Indonesia, and most services are in Java.³⁷ Workplaces providing daycare tend to be in city centers, while daycare facilities in buffer areas, where many workers live, are limited. A lack of adequate transport options poses a barrier to using daycare facilities in city centers for many workers, as they face difficulties transporting their children to and from home.³⁸

There is limited access to childcare facilities: it is estimated that there are fewer than seven facilities for every 1,000 children aged between 0-6 years in Indonesia, and only 1 percent offer full day services.

Source: Prospera, 2022.

This uneven demand prevents many private sector childcare providers from expanding beyond urban areas. According to Happy Bear, a long-established private childcare provider in Yogyakarta, market analysis indicates that higher-income families interested in formal childcare are predominantly located in cities, constraining opportunities for the company to expand beyond urban areas.

Almost all childcare providers offer services for less than a full working day, severely constraining the job opportunities available to caregivers. Just 1 percent of all early childhood education and care facilities in Indonesia offer full-day services. Instead, most providers operate for three to five hours per day, meaning parents using these services must collect their children and

resume childcare responsibilities during the workday. The associated costs of lost working hours and transport, particularly in urban areas with heavy traffic, disincentivize parents from using these facilities.³⁹

Childcare fees present a further barrier for parents wishing to access childcare outside the home, particularly among lower-income families and marginalized groups. Some 16 percent of families surveyed in 2022 reported that costs were a barrier to accessing preferred forms of childcare. Average annual caregiving costs in Indonesia are estimated to be IDR 25,100,000 (US\$1,500⁴⁰).⁴¹ Costs vary across regions, with the average monthly fees for daycare centers in Jakarta equating to 46 percent of Jakarta's minimum wage, compared to 22 percent in Surabaya. 42 Indonesians strongly support subsidized childcare, with 85 percent supporting the concept of government subsidies or free childcare. However, only 5 percent of Indonesian parents with a child under 7 years of age report using childcare subsidized by the state, religious organizations, or NGOs.43 Happy Bear believes the fees associated with formal childcare are still out of reach for most families, and government subsidies and financing are insufficient to bridge the gap.

Costs represent another significant barrier: average fees for childcare centers in Jakarta amount to 46 percent of the city's minimum wage.

Source: Prospera, 2022.

³⁷ Prospera, Designing better childcare for women, children and inclusive recovery in urban Indonesia and beyond, (2022), https://childcare.prospera. or.id/assets/doc/Briefing percentzonote_Designing percentzobetter percentzochildcare.pdf

³⁸ Dewi, K.H., and Rahadian, A.S., Daycare sebagai bentuk dukungan terhadap ibu bekerja, pemerintah perlu jamin kelayakan dan keterjangkauannya, (2022), https://theconversation.com/daycare-sebagai-bentuk-dukunganterhadap-ibu-bekerja-pemerintah-perlu-jamin-kelayakan-danketerjangkauannya-194030

³⁹ Prospera, Designing Better Childcare

⁴⁰ All currency calculations were converted from IDR to USD at IDR 16,500 per USD, based on the rounded average market rate for May 2025.

⁴¹ Andrina and Kusumandarai, Struggle for Adequate Childcare

⁴² Prospera, Designing Better Childcare

⁴³ Fraym, Indonesia Caregiving

Parents' concerns about the quality of care, including basic safety and child welfare, also limit the uptake of formal childcare. Among the participants in a 2022 household survey, concerns around COVID-19 and safety were the most cited barriers to seeking childcare outside the home. In 2019, the Indonesian Child Protection Commission (KPAI) survey of 75 daycare facilities across nine provinces found that 44 percent had no legal permit to offer childcare, and around 20 percent did not have adequate buildings or infrastructure, such as bedrooms.

The development of the childcare sector is held back by difficulty accessing government support and inadequate working conditions for childcare workers. Many childcare providers feel they cannot access government funding (see *Figure 3*) as they do not meet the basic requirements or lack access to information explaining how to secure funding and staff training.⁴⁶

There are challenges associated with recruiting qualified childcare workers. Happy Bear reports that recruiting is one of its greatest difficulties, as there are not enough educational programs focusing on early years education in Indonesia. This means there is no clear professional framework for early years education professionals and a limited 'talent pipeline' of young childcare workers. The result is that early years teaching is not considered a prestigious profession for graduates, reducing the supply of workers in the sector. This is exacerbated by low wages and challenging working conditions, which make it difficult for childcare providers to recruit and retain staff. Staff at early childhood education and care facilities reportedly earn low wages and lack access to pension schemes and health insurance despite a high risk of illness or infection.47 For private childcare provider Happy Bear, this presents a challenge for recruiting and retaining lower-skilled staff, for whom pay is lowest, working hours are relatively long, and the work is physically and emotionally demanding. Many workers in non-formal community-run kindergarten centers often work voluntarily or with little payment and little access to training opportunities.48



⁴⁴ O'Donnell et.al., Economic Gains

⁴⁵ Pranawati, R., Naswardi, N., Zulkarnaen, S.D., "The fulfillment of standards on child cares (*Taman Penitipan Anak* (TPA) and *Taman Anak Sejahtera* (TAS)) for the quality improvement of alternative care with the child protection perspective," *Journal of Social Studies*, Vol. 17. No. 1, (2021), pp. 95-114, https://pdfs.semanticscholar.org/c9e6/b19aa46decde630e69boocaf8bc35e525bb2.pdf

⁴⁶ ILO and Asian Development Bank (ADB), Investments in childcare for gender equality in Asia and the Pacific, (August 2023), https://www.ilo.org/publications/investments-childcare-gender-equality-asia-and-pacific

⁴⁷ ILO and ADB, Investments in Childcare

⁴⁸ Prospera, Designing Better Childcare

Figure 3

OVERVIEW:

The legal and regulatory framework for employers and childcare provision

Indonesian policies and regulations on childcare are fragmented, with multiple ministries setting regulations for providers. The Ministry of Education, Culture, Research and Technology, the Ministry of Religious Affairs, and the Ministry of Women's Empowerment and Child Protection share responsibility for early childhood development. There is significant overlap when it comes to issuing standards for childcare provision, as well as the enforcement and monitoring of their implementation. At the same time, regulatory and policy gaps persist, and ongoing challenges of registering childcare facilities create obstacles to setting up childcare businesses.

Several pieces of legislation regulate the registration of early childhood education and development facilities ('Pendidikan Anak Usia Dini' or PAUD units), including non-formal daycare centers ('Taman Penitipan Anak' or TPA). In particular:

- The Indonesian Education Law 20/2003 provides that formal and informal educational units must have a license from the government, with requirements based on funding, staffing, certification, and facilities; and
- Ministerial Regulation No. 84/2014 sets out the technical and administrative requirements for the authorization of licenses.

The establishment and management of childcare facilities are also subject to government guidelines. The Terms and Procedures for Establishment of Children's Play Groups and Care Centers, published by the Ministry of Education and Culture, set out guidelines on key staff competencies, infrastructure, and financial management in 2015. The Ministry of Women's Empowerment and Child Protection also provides a 'checklist' for child-friendly daycare to support assessment for the Taman Asuh Ceria (TARA) accreditation. In 2025, the Ministry of Population and Family Development launched the Taman Asuh Sayang Anak (TAMASYA) program. This initiative aims to enhance both the quantity and quality of daycare centers (TPAs). It focuses on improving caregivers' skills through training, encouraging parental involvement, and strengthening the monitoring and evaluation of childcare facilities (for more details, please refer to the Decision of the Minister of Population and Family Development No. 29/Kep/F1/2025).

All childcare centers in Indonesia may access government funding, with subsidies for TPA units set at IDR 600,000 (\$36) per child per year. In 2022, the requirements for how providers spend government subsidies were loosened, as Ministerial Regulation No. 2/2022 allowed providers to spend funding on paying staff or technological equipment and withdrew eligibility requirements around the minimum number of enrolled students to receive funding.

A National Education System Bill may introduce further reform to staffing.

The Bill acknowledges PAUD teachers and teachers in non-formal units, enabling them to access wages as formal teachers if they fulfil various criteria.

Sources: ILO and ADB, 2022; World Bank, 2022; Prospera, 2022; Antara, 2022; Antara, 2025.





3

The nexus of childcare and work

3.1 Research overview

This chapter presents the findings of IFC and IGNITE's research conducted between January and May 2025 on the childcare needs of employees in selected private sector companies in Indonesia. It examines how care responsibilities affect employees' ability to remain employed, attend work, and perform to their fullest potential. The research presents a compelling, locally generated business case for family-friendly workplaces and recommends potential interventions to address employees' needs effectively.

3.1.1 Research methodology

The research employed a mix of quantitative and qualitative methods. An online survey was distributed to all employees from 13 companies across various industries and was completed by 2,014 participants. The survey examined how their current care responsibilities and arrangements impact work performance. HR data was analyzed to quantify the business costs associated with employees' caregiving responsibilities and current care arrangements. The study did not collect detailed information on companies' current childcare-related policies or benefits; instead, it focused on employee experiences and preferences to inform recommendations for effective employer-supported childcare solutions.

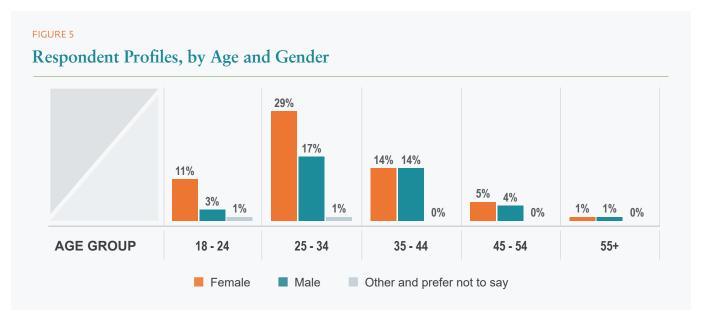
Additionally, three companies participated in interviews and focus group discussions (FGDs) designed to gain deeper insights into employees' childcare responsibilities and their impacts on work. These interviews provided a rich understanding of the individual and organizational impacts of childcare needs and highlighted employees' specific concerns and preferences for employer support.

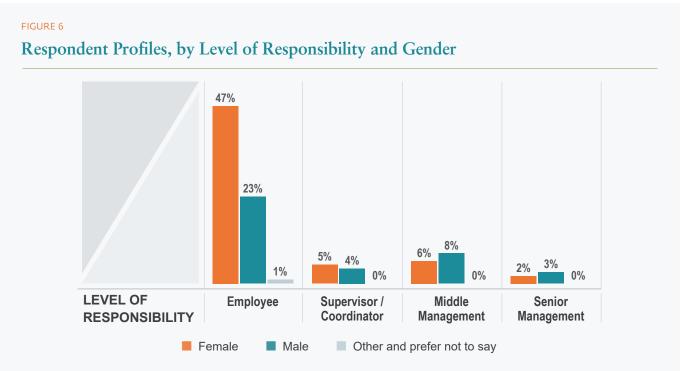
3.1.2 Respondent profile

The respondents included 60 percent females and 39 percent males. The remaining 1 percent did not specify their gender. Most respondents (71 percent) were non-managerial employees, while 14 percent held positions in middle management. Supervisors and coordinators comprised 9 percent of the respondents; senior management accounted for 5 percent, and board-level participants were negligible.

In terms of age distribution, the largest group of respondents fell within the 25-34 age range, comprising 47 percent of the total. This was followed by those aged 35-44 (28 percent of respondents), 18-24 (13 percent), 45-54 (10 percent), and those aged 55 and above (1 percent).







3.1.3 Company profile

The 13 companies in the study collectively employ approximately 33,000 individuals (69 percent of whom are women) and span various sectors. This provides a broad perspective on the childcare challenges employees face in different industries and work environments, ranging from client-facing roles to those in manufacturing and retail spaces.

- Five financial services companies: banks, digital banks, and self-regulatory organizations
- Three manufacturers: producers of ready-made garments and fast-moving consumer goods (FMCG)
- Five other companies: including consulting, retail,
 e-commerce, and food and beverage businesses

3.2 Building the case for care: key findings from Indonesia's private sector

3.2.1 Childcare responsibilities

A substantial portion of the participating workforce is managing considerable childcare responsibilities. On average, each working parent had two dependent children. Just over half (52 percent) of the respondents across sectors had dependent children⁴⁹ under the age of 18. Around half of working parents have preschool-aged children who typically require more intensive care and supervision. There is also less institutional support available for preschool children in Indonesia since most existing childcare facilities cater to children in the 3 to 6-year age group with limited operational hours (between three and four hours/day).⁵⁰

The survey also examined family planning aspirations and their potential impact on employers.

Around one-fifth of respondents indicated their intention to have children within the following year. Notably, one-third of these individuals were considering resigning from their jobs. Women comprise 84 percent of this group, underscoring the disproportionate burden of caregiving responsibilities on female employees. There was a significant difference in responses across various sectors. Nearly half of those in the manufacturing sector reported considering or strongly considering resigning from their current positions. In contrast, significantly fewer respondents from the financial services and other sectors intended to

3.2.2 Current childcare arrangements

Most working parents utilized informal childcare arrangements, such as care provided by spouses or grandparents, and around one-fifth of working parents relied on domestic workers (babysitters or nannies) as their primary caregivers. Just 2 percent depended on professional care services (daycare, playgroups) for their primary childcare. The low uptake of professional care services was due to several factors, including perceived low quality, inconvenient locations, affordability, and limited operating hours.

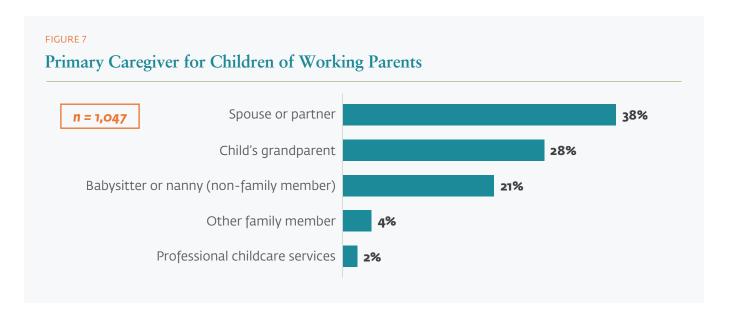
"My two main concerns are safety and health. I previously enrolled my child in a daycare, but she frequently got sick. Since leaving the daycare, my child has been much healthier."

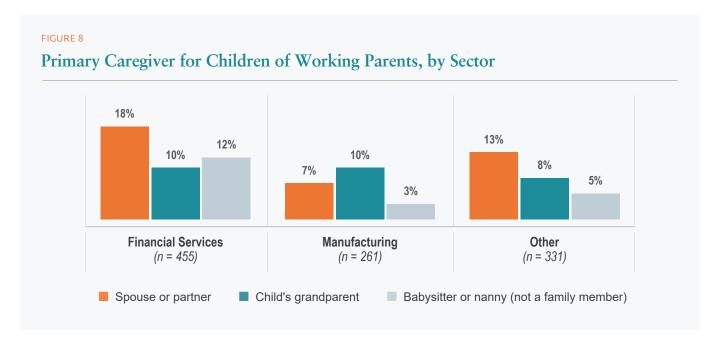
- Working Father

resign at 24 percent and 27 percent, respectively. Higher resignation intentions in manufacturing were attributed mainly to the fact that most respondents from this sector (74 percent) were female, which is considerably more women than in financial services (47 percent) and the other sectors (57 percent). Additionally, the relatively inflexible nature of manufacturing work conditions may exacerbate potential work-life conflicts for women who anticipate caregiving responsibilities.

⁴⁹ Dependent children include biological children, adopted children, fostered children, or any other children who are dependent on the respondent under an informal care arrangement. This study focuses on dependent children aged up to 18 years old.

⁵⁰ World Bank, Care Economy in Indonesia, p.4





The low percentage of parents using professional services indicates limited access to and appeal of institutional childcare options. Daycare

facilities (TPA) are scarce and concentrated mainly in central and western Indonesia. They account for only 1.4 percent of all registered childcare establishments (including playgroups and kindergartens). Most ECED programs primarily serve children aged 4 to 6 and operate for only three to four hours a day.⁵¹ During focus groups, working parents showed distrust of

formal childcare service providers. They expressed concerns about the quality and safety of daycare facilities, leading to a much stronger preference for informal childcare arrangements.

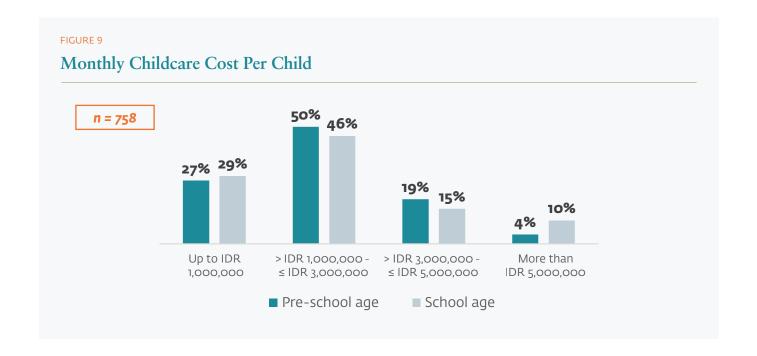
Additionally, only 16 percent of respondents reported having a consistent backup for their childcare arrangements, highlighting a critical gap in reliable childcare support. Parents' heavy reliance on informal care and the absence of backup options leave

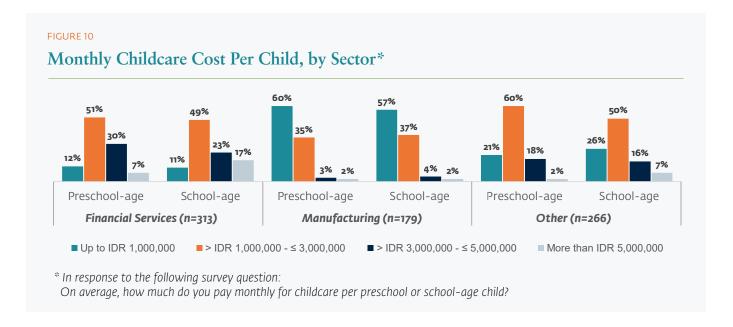
them vulnerable to sudden disruptions, resulting in emergency leave, reduced work hours, decreased productivity, increased absenteeism, or even job loss. Employers may experience higher turnover rates and increased recruitment and training costs because of these childcare-related challenges. Previous studies in Indonesia have shown that the availability of childcare improved labor market matching and job stability for women workers, triggering an increase in business productivity.⁵²

Across sectors, most working parents paid childcare fees of up to IDR 3,000,000 (\$180) per month per child. Put into context, Jakarta's 2025 minimum wage (which is among the highest in Indonesia) is IDR 5,400,000 (\$327) per month, making the average childcare fees a significant financial burden for working parents by consuming more than half of a minimum-wage earner's income. Compared to informal care, the high cost of formal care services limits access to professional childcare solutions. Reducing this cost barrier is crucial to encourage more widespread adoption, particularly

among lower-income families. Data also shows sector-specific differences in childcare expenses. Most respondents from the financial services and other sectors spent up to IDR 3,000,000 (\$180) per month per child on childcare. In contrast, manufacturing workers paid up to IDR 1,000,000 (\$60) per month per child. The lower costs in the manufacturing sector may reflect lower income levels and parents' ability to pay for more costly childcare services.

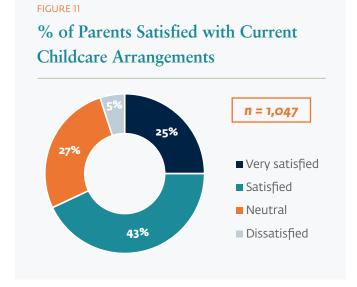
Affordability is a critical issue, with 34 percent of working parents reporting difficulty finding affordable childcare. This financial strain can have significant implications for family budgets and well-being, forcing parents to make difficult choices, such as compromising on the quality of care or reducing working hours, which can impact their incomes, career progression, and financial stability. Women may choose to leave the workforce due to the cost of childcare relative to their income (and in comparison to their spouse's earnings, which are typically higher).

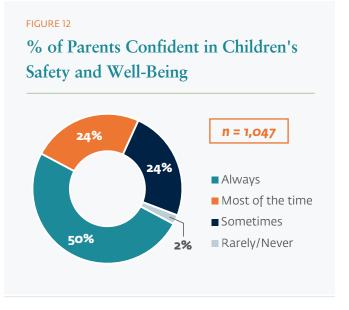


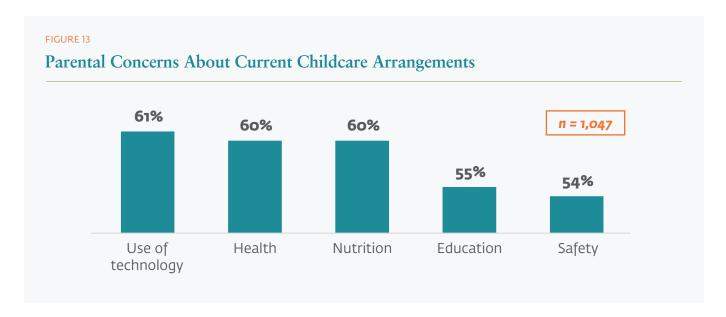


3.2.3 Perception and challenges of current childcare arrangements

Most working parents were satisfied or very satisfied with their current arrangements; however, only half believed their children were always safe and well cared for. While parents may have found childcare solutions to fit their needs, most have underlying anxiety about the adequacy of the quality and safety of these arrangements. Many parents expressed worries about their children's use of technology, health, and nutrition intake. Parents of preschool-aged children were typically anxious about their children's nutritional intake and health. reflecting their importance during early childhood development. Meanwhile, parents of school-aged children were more concerned about their children's use of technology, highlighting the challenges of managing screen time and ensuring appropriate digital content. Only 10 percent of working parents among the participating companies reported no concerns about their current childcare arrangements.







Working parents in the participating companies faced significant childcare challenges; primarily, finding quality childcare, as indicated by 44 percent of respondents. This shows a significant demand for childcare services that meet high standards of care and reliability. Parents are likely to prioritize factors such as the qualifications of caregivers and the environment provided by childcare facilities.

Furthermore, **40 percent of working parents experienced difficulty in finding conveniently located, safe, and secure childcare facilities.**

Working parents look for childcare options that are easily accessible from their homes or workplaces, reducing the time and stress associated with commuting. Additionally, the emphasis on safety and security reflects parents' concerns about the well-being of their children while they are at work.



One-third of working parents struggled to find childcare when their child was unwell and secure childcare that accommodated their work schedules. These statistics emphasize the need for flexible childcare solutions that can accommodate regular working hours and unexpected situations, such as a child's illness. The fact that only 16 percent of parents had consistent backup childcare arrangements further emphasizes the urgency of this need. Without

reliable backup options, parents might have to adjust

which can increase stress and decrease productivity.

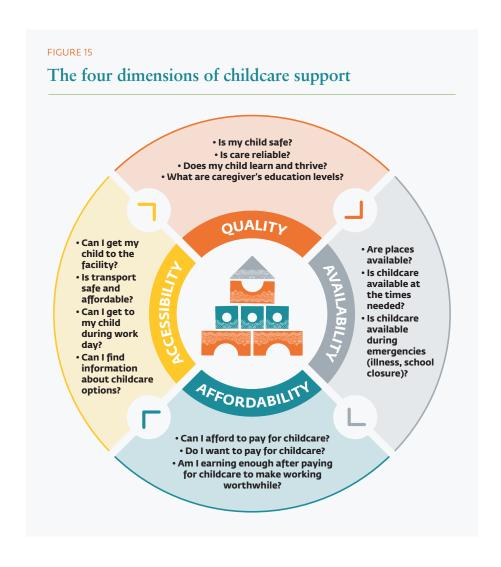
their working hours and/or take unplanned leave,

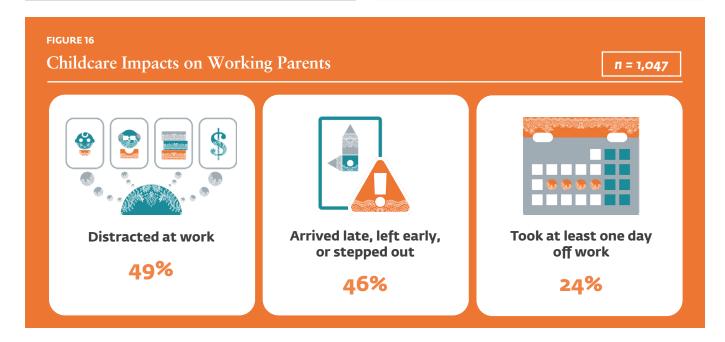
The challenge of finding quality, conveniently located, flexible, and affordable childcare creates significant barriers for working parents, prompting greater reliance on family members or nannies/babysitters over formal childcare. Supply shortages in institutional childcare exacerbate this trend. Informal care options can provide trusted, adaptable, and often more economical care. However, they presume access to nearby relatives or adequate disposable income, and do not necessarily eliminate workplace interruptions due to their unstructured and potentially less dependable nature.



While standards for quality childcare vary, the following factors—availability, affordability, accessibility, and quality (see *Figure 13*)—are key considerations for working parents when determining the suitability of a childcare option. These factors are particularly relevant given the challenges outlined above.







3.2.4 Childcare impacts on employee performance

Balancing work and childcare responsibilities significantly impacts employees' well-being and work performance. These difficulties are exacerbated by reliance on informal childcare arrangements, limited supply, concerns about the quality of formal childcare services, and the lack of consistent backup support. Within the four weeks before completing the survey, nearly half of the respondents reported being distracted at work due to childcare duties; 46 percent were late to arrive or departed early; and 24 percent missed work altogether. The added stress associated with distraction, reduced hours, and missed work can negatively impact parents' morale, job satisfaction, and mental well-being.

A World Bank 2024 report found that many working mothers face regular interruptions in the workplace due to childcare-related issues.

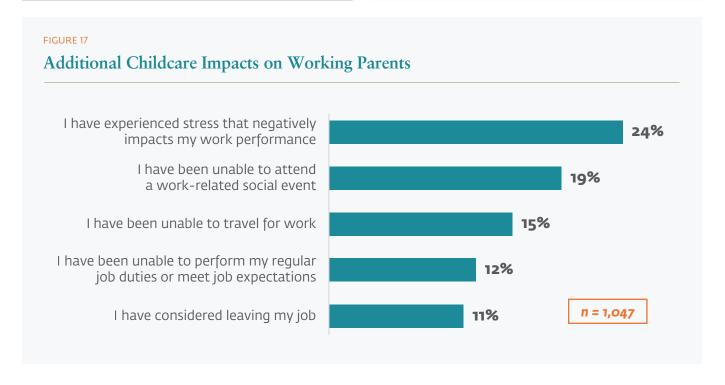
Approximately 40 percent arrived late, left early, or cut back their working hours; more than half reported missing work when facing a problem with their childcare arrangement; and one-fifth had to quit their jobs.⁵³

"I couldn't complete my task that day because my child was sick, and I had to monitor his care remotely from work via phone calls."

~ Working Mother

Our research also finds that one in four respondents reported that the stress from managing childcare responsibilities negatively impacted their work performance. This included both men and women. Around 20 percent could not attend work-related events, while 15 percent could not travel for work, limiting their opportunities for networking, professional development, and career advancement. The inability to meet these types of commitments can hinder a person's long-term career growth and satisfaction. Around one-tenth of respondents considered leaving their jobs because of childcare duties, highlighting the risk of increased turnover and losing valuable talent and institutional knowledge.

⁵³ World Bank, Care Economy in Indonesia, p.52



3.2.5 Cost to businesses



Employee childcare responsibilities and existing arrangements impose significant economic costs on employers. On average,

businesses lose four workdays per employee annually due to absenteeism triggered by caregiving emergencies, reduced work hours related to childcare, and diminished focus from unreliable childcare arrangements. These issues also increase stress, compounding performance declines. Organizations face higher costs due to absenteeism, reduced productivity, and the need for temporary replacements or overtime to cover affected employees.



These disruptions result in an estimated

IDR 60,970,682,636 (\$3.6 million) in annual productivity loss

(across all participating companies), equivalent to 1.7 percent of their total wage bill.

Extrapolating these findings to Indonesia's private sector, which employs millions, suggests that childcare-related productivity losses could cost hundreds of billions of IDR annually, assuming comparable workforce patterns.

These substantial financial and productivity losses underscore the critical need for more robust childcare support systems to mitigate the adverse effects on employees and businesses. Addressing these challenges will support employees and improve business competitiveness and long-term sustainability by reducing inefficiencies and fostering a more engaged workforce.

⁵⁴ This figure was calculated by aggregating self-reported absences, tardiness, early departures, and partial productivity losses due to caregiving issues. For a detailed explanation of the methodology, please see Annex.

3.2.6 Preferred childcare supports

Employer support is critical in helping employees manage childcare responsibilities and return to work successfully following childbirth.

When asked about preferred forms of employer

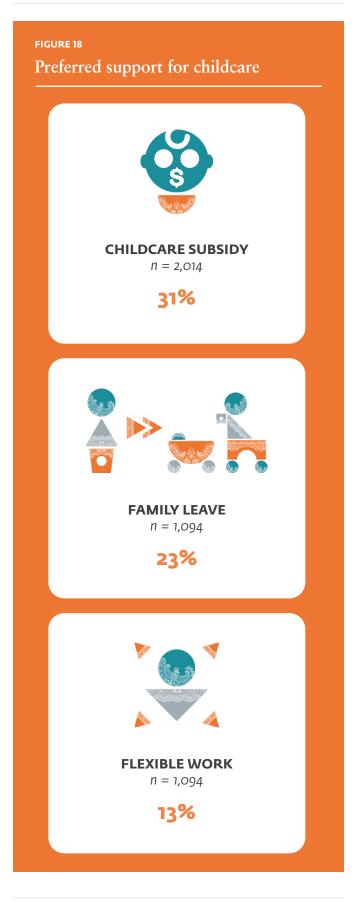
support,⁵⁵ 31 percent of respondents favored childcare subsidies, 23 percent preferred family leave, and 13 percent desired flexible work options. These preferences are consistent across genders and sectors. The only significant difference is that respondents in the manufacturing sector preferred emergency back-up childcare over flexible work options, likely because the structured shift schedules in manufacturing make flexible work arrangements less feasible than in white-collar jobs.

"The hybrid arrangement has been incredibly helpful so far. It allows us to stay close to our children while remaining productive at work."

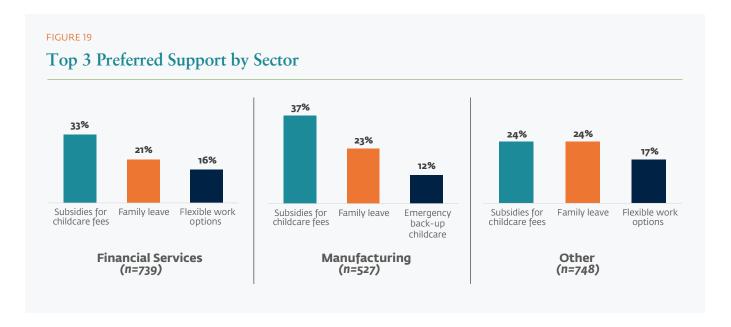
~ Working Mother

"Regarding subsidy for caregiving services, we need to consider the total cost and its financial impact on the company. Although it has been discussed, the subsidy has not yet been finalized. Will it be a permanent subsidy or just temporary? Can our colleagues make good use of it?"

~ HR Managei



⁵⁵ The study did not collect detailed information on companies' current childcare-related policies or benefits, focusing instead on employee experiences and preferences to inform recommendations for effective employer-supported childcare solutions.

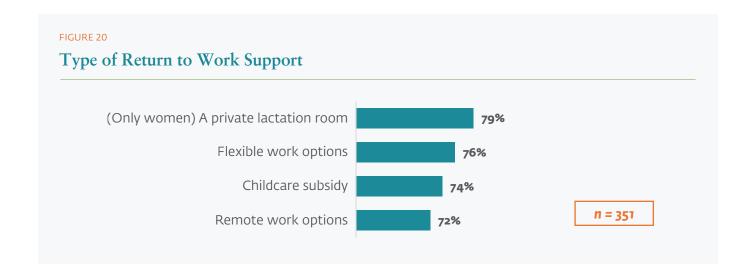


Most respondents valued private lactation rooms, flexible work arrangements, childcare subsidies, and remote work options for return-to-work support. These supportive measures help to reduce childcare-related stress, improve mental health, and promote a smoother transition, enabling working parents to balance professional and family roles effectively.

The survey findings emphasize the positive impact of childcare support on employee productivity and attendance, with **72 percent of respondents**

believing that childcare support would improve work performance. Around half said it would reduce absenteeism, tardiness, or early

departures. By addressing the specific needs of their workforce, companies can create a more inclusive and supportive work environment, benefiting employees and the overall performance and competitiveness of the business. Investing in such policies is a strategic move that can lead to long-term success for both employees and employers.



3.2.7 The 'sandwich generation'– employees' other caregiving responsibilities

Instead of childcare, 40 percent of respondents reported having other caregiving duties that did not include childcare, with 37 percent caring for elderly or aging family members and 3 percent caring for family members with disabilities or special needs. Most of the respondents who were looking after elderly family members had up to two dependents, excluding children. In contrast, respondents who cared for family members with disabilities or special needs mostly had one dependent to care for, which might include children.

A quarter of all respondents had dual caregiving responsibilities, involving care for children, elderly family members, or those with disabilities or special needs. Just under a quarter of respondents (22 percent) belong to the 'sandwich generation,' managing care for their children and aging family members simultaneously. A small number (1 percent) of respondents experienced a triple care burden, caring for children, the elderly, and family members with disabilities or special needs.

Unsurprisingly, these demanding, multiple caregiving responsibilities lead to missed work, increased stress, and feelings of distraction.

Around one-fifth of respondents considered taking a leave of absence. Overall, 15 percent of respondents considered leaving their organization altogether due to childcare and other caregiving responsibilities.

Flexible work hours, remote work options, and health insurance for dependents were the most preferred supports for these additional caregiving responsibilities.

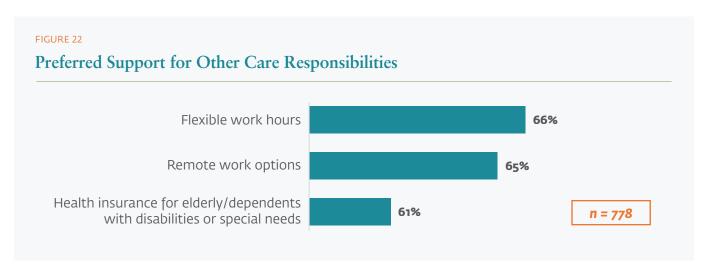
"Recently, an employee requested leave due to a parent suffering a stroke, illustrating the necessity for additional support for employees with caregiving responsibilities for aging family members, even if they are still relatively few."

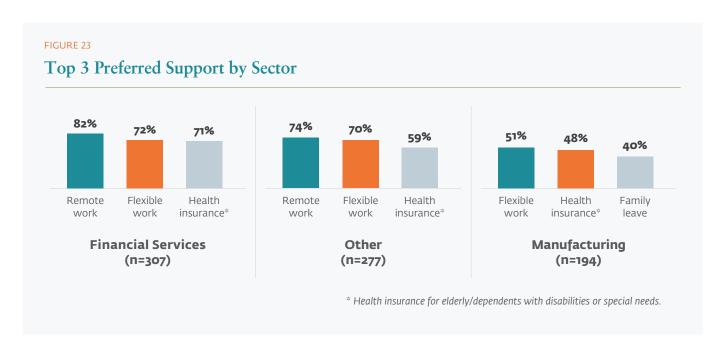
~ HR Manager

"My mother has heart disease, diabetes, and high blood sugar, but she does not require daily, intensive supervision. She remains strong, though I occasionally need to take her to doctor appointments, which means I may arrive late to work. If she becomes ill, my husband and I take turns taking leave to care for her."

~ Female Employee











4

The business case for employer-supported childcare in Indonesia

A significant global body of evidence shows that private sector companies stand to gain from supporting their employees in fulfilling their childcare responsibilities. For example, IFC research through its Tackling Childcare program in East Asia consistently shows that companies supporting quality and affordable childcare can lower the costs of recruitment and retraining by reducing turnover, address worker absenteeism by supporting carer responsibilities, drive innovation and cohesion through a more diverse workforce, and improve productivity through improved employee satisfaction. Fe Research from Indonesia indicates highly positive outcomes for firms where working parents have increased access to formal childcare and family-friendly working policies.

"We want other organizations to feel the passion we have about supporting parents with their childcare responsibilities and let them see the benefits that can be achieved from having the right support in place."

> ~ **Willy Saelan**, HR Director, Unilever Indonesia

Employers in Indonesia report a range of benefits associated with investments that support employees' care responsibilities. The benefits vary according to the sector, location, workforce, and nature of care support provided. They range from better recruitment and retention outcomes to improved attendance and employee performance, and productivity to an enhanced reputation and profile with commercial partners, stakeholders, community members, and others.

4.1 Stronger management and leadership teams

Attracting the best talent for leadership roles is a key concern for Indonesia's private sector,

with almost 80 percent of Indonesian firms saying they cannot fill managerial vacancies. ILO data shows that significant recent out-migration, an increasingly ageing population, and a lack of skills training for workers have contributed to a shortage of skilled workers across Indonesia. Managerial deficits are reportedly most severe in manufacturing and other higher value-added services. For **DBS Indonesia**, recruiting sales staff and relationship managers is becoming increasingly difficult due to significant competition for talent in the financial sector.

Women represent an untapped source of talent for employers seeking to attract the best candidates and highest-skilled workers.

The number of women graduating from tertiary education in Indonesia has increased rapidly, with the share of women tertiary graduates rising from just 16 percent in 1993 to almost 60 percent as of 2018.⁵⁹ World Bank data shows that female enrollments in tertiary education exceeded their

⁵⁶ IFC, "Tackling Childcare," Accessed May 15, 2025, https://www.ifc.org/en/what-we-do/sector-expertise/gender/inclusive-employment-and-leadership/tackling-childcare

⁵⁷ Cali et. al., Caring for Children and Firms?

⁵⁸ World Bank, Pathways to Middle Class Jobs in Indonesia, (June 2021), https://www.worldbank.org/en/country/indonesia/publication/pathways-to-middle-class-jobs-in-indonesia

⁵⁹ UNESCO – UIS, cited in ILO, Leading to Success: The business case for women in business and management in Indonesia, (June 2020), https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-jakarta/documents/publication/wcms_750802.pdf

male counterparts, accounting for 39 percent and 34 percent, respectively, in 2018, yet women are underrepresented in leadership or management positions. Although almost 32 percent of managerial positions in Indonesia were held by women in 2022, only 8 percent of Indonesian companies with boards of directors have a gender-balanced board (where women make up between 40 percent and 60 percent of members). Just 15 percent of Indonesia's firms have female CEOs, 5 percent lower than the regional average. 60 The share of women in management positions is also low in Indonesia's banks and fintech companies. Women make up 19 percent of the board members of all Indonesian banks, and the labor force participation gender gap also widens in senior roles in the Indonesian banking sector.61

Supportive conditions for working parents help Indonesian firms realize the benefits of increased gender diversity in leadership. Businesses with gender diverse executive teams are 25 percent more likely to enjoy above-average profitability than less diverse enterprises. Similarly, a recent ILO survey revealed that Indonesian companies with boards comprising between 30 percent and 39 percent women were 18 percent more likely to have better business outcomes.

Companies wishing to recruit from a wider talent pool for leadership roles can do so by introducing greater flexibility in working arrangements and other childcare supports. Research indicates that women with children are less likely than men to explore high-paying job opportunities. 64 A lack of

flexibility in work arrangements and the perception that top-level careers require constant availability and geographical mobility might deter women from seeking such roles.65 Implementing flexible working arrangements and family-friendly policies that consider women's care responsibilities will encourage highly skilled women to apply for jobs in sectors suffering from skills gaps, such as financial services and tech, and to accept promotions.66 World Bank research also suggests that women are more likely to prioritize the availability of family-friendly benefits and work-life balance over higher salaries during job selection.67 Childcare availability is a particular challenge in Indonesia's banking and fintech sectors. Both men and women express support for employersponsored or subsidized daycare solutions.68

"The main thing we achieve with childcare supports is that women do not need to see having children as an impediment to their careers."

~ **Willy Saelan**, HR Director, Unilever Indonesia

⁶⁰ ILO, Leading to Success

⁶¹ Women's World Banking, Catalyzing women's advancement into decision-making roles in Indonesia's banking and fintech sectors, (April 2023), https://www.womensworldbanking.org/wp-content/uploads/2023/05/Catalyzing-Womens-Advancement-into-Decision-Making-Roles.pdf

⁶² McKinsey, Diversity wins: How inclusion matters, (May 2020), https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters

⁶³ ILO, Leading to Success

⁶⁴ Kahkonen, Satu, "Why women matter for Indonesia's economic recovery," World Bank Blogs, (March 8, 2021), https://blogs.worldbank.org/eastasiapacific/why-women-matter-indonesias-economic-recovery

⁶⁵ ILO, Leading to Success

⁶⁶ ILO, National Workshop: Lack of skilled ICT personnel in Indonesia: can we still compete?, (May 2022), https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---sector/documents/publication/wcms_849942.

⁶⁷ World Bank, Pathways to Middle Class Jobs

⁶⁸ Women's World Banking, Catalyzing women's advancement

4.2 Improved employee recruitment and retention

Investment in care supports can help companies demonstrate their credentials as a familyfriendly employer and boost recruitment at all **skill levels.** Recruitment is particularly challenging where local labor markets are tight, such as in remote rural areas or areas with a lot of competition for workers from other companies. YAVA, based in East Bali, faces ongoing labor shortages due to the remote location of its factory; however, its heavily subsidized preschool for workers and local community enables more local women, most of whom have care responsibilities, to enter or remain in the workforce, increasing the company's labor supply. Similarly, the support for women's health and breastfeeding offered by **Ungaran Sari Garments**, a garment manufacturer in Central Java, makes it better able to compete for workers against the growing number of factories in the surrounding area.

Flexible working arrangements are attractive for working parents and hold significant appeal for early career professionals. Unilever

Indonesia attributes its focus on diversity and inclusion, underpinned by significant support for employee care responsibilities, to be a major factor in its ability to attract high numbers of the best graduates. The company consistently receives over 50,000 applicants for 25 to 30 graduate places. Its flexible working arrangements offer major benefits to parents as well as young workers who place a high value on work-life balance (and may plan to have children in the future).

Increased attention to care supports could help attract women into industries with skills gaps, including information, communications, and technology (ICT). Indonesia has a large digital skills gap, with estimates that less than 1 percent of the country's workforce has advanced digital skills. The resulting national shortage of ICT workers especially constrains the development of these sectors. ⁶⁹ Women represent an untapped pool of local talent for many high-paying industries, such as the tech sector, where they are significantly underrepresented. ⁷⁰

Family-friendly policies are becoming increasingly essential for companies seeking to **improve employee retention**, especially with the growth of flexible working arrangements following COVID-19. Globally, flexibility and work-life balance are growing in importance to workers. Over half the participants in a 2021 survey would consider leaving a job if flexible working options were not provided.71 Meanwhile, a 2022 survey found that 60 percent of Indonesian employees would prioritize work-life balance and jobs that supported their mental health over other indicators such as high salaries. With worklife balance ranking as the most important component of job satisfaction for 48 percent of respondents with children, employers stand to gain by catering to these needs.⁷² Telecommunications company **Digiserve** by Telkom Indonesia has introduced flexible hours, remote working, and unpaid leave over longer periods to attract and retain more female employees.73













⁶⁹ Bhandari, Ritu, "Bridging the skills gap: Fuelling careers and the economy in Indonesia," *Economist Impact*, (June 12, 2023), https://impact.economist.com/new-globalisation/bridging-skills-gap-fuelling-careers-and-economy-indonesia

⁷⁰ ILO, National Workshop

⁷¹ Ernst & Young, "More than half of employees globally would quit their jobs if not provided post-pandemic flexibility, EY survey finds", Press Release, (May 12, 2021), https://www.ey.com/en_id/news/2021/07/majority-of-surveyed-southeast-asia-sea-employees-prefer-not-to-return-to-pre-covid-19-ways-of-working

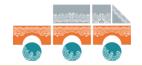
⁷² Michael Page Insights, Talent Trends 2023: Indonesia, (2023), https://bzbapac.page.com/I/922943/2023-05-18/ qzbwq/922943/1684463049A9FN8HeW/Page_Insights_ID_EN_Talent_ Trends_2023_Report.pdf?_gl=1*9lyqe2*_ga*MTczMTkyMzYzNi4xNjkwNT QxMTYw*_ga_LHCDGR8YQ6*MTY5MDU0MTE2MC4xLjEuMTY5MDU0MJ M5MS41Ny4wLjA

⁷³ IBCWE, Successful Implementation of Flexible Working Arrangement Digiserve by Telkom Indonesia, (2023), https://ibcwe.id/successful-implementation-of-flexible-working-arrangement-digiserve-by-telkom-indonesia/

By providing care support for employees, companies can strengthen their profile as a good employer and their ability to retain staff (of all **genders).** The retention of female staff is a key issue in Indonesia due to socio-cultural norms that lead many women to leave paid employment after having children. Over 60 percent of 416 companies surveyed by the ILO identified retention of skilled women as a challenge.74 YAVA has found that providing on-site childcare has contributed to low turnover rates of below 4 percent amongst permanent employees annually in 2021 and 2022. This is partly attributed to women being able to return to work after they have children, as childcare no longer poses a barrier. High employee retention rates save companies in the long term by reducing the need to recruit and train new workers.

4.3 Improved performance and productivity

Flexible work arrangements can contribute to higher workforce productivity. According to the ILO, 79 percent of Indonesian businesses reported improved productivity as a result of remote or flexible working options.75 At **Digiserve by Telkom** Indonesia, 96 percent of managers reported either improved or unchanged productivity following the introduction of flexible work arrangements, and 97 percent noted similar outcomes for remote work. These outcomes were linked to increased cost efficiency associated with smaller office spaces and better productivity, with 96 percent of managers saying their teams were either more or equally productive when working flexible hours. The Flex Work policy offered to staff at L'Oreal Indonesia includes flexible hours and a monthly quota of remote working days. It has resulted in higher productivity and improved employee engagement due to work-life balance.76



Offering remote or flexible working arrangements improved workforce productivity at 79 percent of Indonesian businesses.

Source: ILO, 2020.

Employer-supported care and family-friendly initiatives can reduce unplanned absenteeism, allowing companies to avoid negative impacts **on productivity.** Absenteeism has significant cost implications for business, with some estimates indicating that ill-health-induced absenteeism alone costs Indonesia 1.9 percent of its GDP, a figure projected to rise to 2.4 percent by 2030.7 Unilever **Indonesia's** on-site daycare facility makes it less likely that employees will need to take unplanned leave by offering unlimited places for backup or emergency childcare when standard care arrangements fall through. Broader family-friendly initiatives can also lead to tangible changes in attendance. At **Ungaran** Sari Garments, well-being programs for women, including a progressive breastfeeding policy and related services, have reduced absenteeism and employee turnover by up to 1.8 percent.78

⁷⁴ ILO, Leading to Success

⁷⁵ ILO, Leading to Success

⁷⁶ IBCWE, "Business case," (December 13, 2023), https://ibcwe.id/category/business-case/

⁷⁷ Rasmussen, Sweeny and Sheehan, Economic Costs of Absenteeism, Presenteeism and Early Retirement Due to III Health: A Focus on Indonesia, (Victoria University, 2016), https://www.uschamber.com/assets/archived/images/documents/files/indonesia_study_.pdf

⁷⁸ United Nations Indonesia, Ririh and the pink room: How investing in breastfeeding facilities benefits workers, their babies and business, (October 1, 2019), https://indonesia.un.org/en/92819-ririh-and-pink-room-how-investing-breastfeeding-facilities-benefits-workers-their-babies-and

The availability of childcare facilities can lead to robust productivity gains for manufacturers.

Concerns about the quality of care for their children can lower parents' productivity, focus, and effectiveness at work. Providing better access to high-quality childcare services can alleviate this concern by enabling employees to dedicate themselves more fully to their tasks throughout the workday and women to remain employed. A World Bank study found that providing one additional preschool facility per 1,000 children resulted in an 11 percent increase in the productivity of manufacturing facilities between 2002 and 2014, driven by increased participation of women in the labor force, improved labor market matching, and greater job stability for female workers.⁷⁹ Other research indicates that a doubling of preschool density is associated with a 59 percent increase in the Total Factor Productivity Ratio⁸⁰ of manufacturing firms.81 For food-processing company **YAVA**, offering on-site childcare supports both productivity and punctuality. Knowing their children are safe in the employer-provided daycare center allows employees to focus better on their tasks, and they tend to arrive at the factory early to take their children to the center.

Providing one additional preschool facility per 1,000 children between 2002 and 2014 resulted in an 11 percent increase in the productivity of manufacturing facilities, driven by increased participation of women in the labor force, improved labor market matching, and greater job stability for female workers.

Source: Cali et al, 2023.

4.4 Enhanced reputation and relations with customers, investors, and communities

Companies that invest in initiatives to support employees' childcare responsibilities can benefit from a reputation as a progressive employer that values employee well-being. In addition to helping businesses attract and retain staff and improve productivity, offering family-friendly support can enhance a business's profile with customers, buyers, investors, the government, and other stakeholders. A large body of evidence shows the strong linkage between positive employee satisfaction and enhanced business performance, customer satisfaction, and, by extension, reputation. Recent research on Indonesian manufacturing companies included in the LQ45 Index finds a significant correlation between corporate social responsibility (CSR) initiatives and heightened return on assets.82

For many companies, the business benefits of providing childcare include a positive reputation among the public and potential business partners, including international buyers. Garment manufacturer **Ungaran Sari Garments'** worker well-being program, which includes breastfeeding support, has earned the company a reputation as a leader in the sector, giving it a competitive edge when pitching to potential buyers. This was particularly helpful during COVID-19, as it was well-positioned to quickly pivot away from supplying men's formal shirts and find new buyers for different apparel lines. For **YAVA**, on-site childcare supports the company's reputation as a good employer among its buyers and business partners, while **Digiserve Indonesia** reports an improved public profile after introducing flexible working arrangements.83

⁷⁹ Cali et. al., Caring for Children and Firms?

⁸⁰ Total Factor Productivity Ratio (TFPR) compares the output with the combination of labour and capital inputs to show the efficiency of a company

⁸¹ Perova et al, cited in O'Donnell et.al., Economic Gains

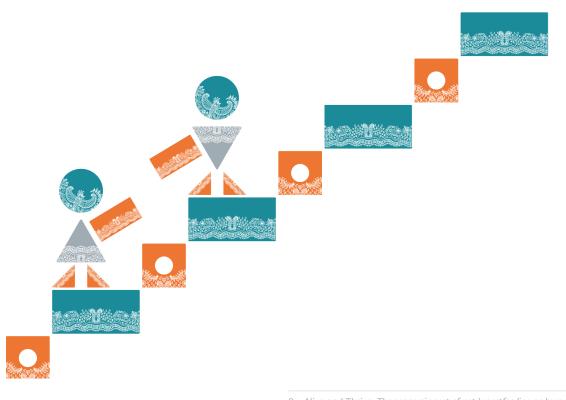
⁸² Meiryani, et. al, The effect of voluntary disclosure on financial performance: Empirical study on manufacturing industry in Indonesia, (June 2, 2023), https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0285720#references

⁸³ IBCWE, Successful Implementation by Telkom Indonesia

Providing childcare support can bolster community relations, reinforcing a company's 'social license to operate'. A company's long-term commercial success is often contingent on its relationship with local communities, particularly where operations are tied to specific locations over a long period. By establishing services such as on-site daycare or early learning facilities, or otherwise supporting family well-being, companies can address working parents' immediate needs and cultivate positive local relationships. For example, YAVA allows all local parents to access its heavily subsidized daycare facility, not just those working for the company.

Employer-supported childcare represents a forward-thinking investment in the future

workforce. Early childhood care can play a crucial role in long-term workforce development, while inadequate support can lead to a host of adverse outcomes for children, ranging from health issues to developmental challenges and lower educational outcomes. For example, low breastfeeding rates can have long-term economic impacts, with research suggesting that breastfed children have better learning outcomes than those not breastfed. In Indonesia, increasing the number of breastfed children could save over \$1.3 billion in annual wage losses through optimized learning capabilities.84 Enabling access to quality care, nutrition, and early learning opportunities for the next generation benefits a company's current employees and is an investment in a critical source of future labor.



⁸⁴ Alive and Thrive, The economic cost of not breastfeeding on human capital development and health systems in Indonesia, (2015), https://www.aliveandthrive.org/sites/default/files/attachments/CostofNotBreastfeeding_Indonesia.pdf





5

Supporting employees' care responsibilities *in* Indonesia

Employers in Indonesia can play a critical role in addressing the care responsibilities of their workforce. Businesses can support their employees by providing tailored childcare solutions, flexible work arrangements, and family-friendly policies, and unlock significant productivity and retention benefits. This means aligning with a company's strategy and operational circumstances and ensuring that childcare support is designed in consultation with the workers who are the intended beneficiaries. Employers can explore a range of solutions—from subsidies to flexible work policies—while actively seeking input from working parents. Parents are experts in their own challenges, the limitations of existing childcare arrangements, and their financial constraints. Leveraging this knowledge enables employers to implement childcare solutions that are not only practical but also transformative.

Employer-supported care in Indonesia takes many forms, from on-site childcare facilities to flexible work arrangements and extended parental leave. The most effective approaches align with a company's operational needs and are designed in consultation with employees. While some interventions, such as building on-site childcare centers, require significant investment, others, like flexible work policies, are cost-effective and can yield immediate employee satisfaction and performance benefits.





5.1 On-site childcare to meet unfulfilled demand

On-site childcare facilities can make a powerful contribution to supporting workers' care responsibilities. Although employer-provided childcare facilities are uncommon in Indonesia, several leading employers have introduced on-site daycare. Unilever Indonesia expressly designed its new national headquarters to incorporate a generously sized daycare facility, and has offered subsidized childcare to all employees since it opened in 2017. In 2019, P&G's Jakarta Plant opened an on-site daycare center, offering free care for employees' children up to five years of age.

Free or heavily subsidized childcare facilities are especially valued by low-income workers, who typically have limited access to affordable formal childcare. YAVA, a Bali-based food processing company, offers heavily subsidized childcare to both employees and the local community in an isolated rural area, catering for an impressive 60 children in its preschool center. Fees range from IDR 50,000 to IDR 120,000 (\$3 to \$7.27) per month, depending on usage, representing a small fraction of the lowest monthly salary that a full-time worker receives at the site (currently IDR 2,760,000 or \$167.27). Numerous palm oil producers such as REA, Musim Mas, Golden Agri-Resources, and Cargill also provide free or subsidized childcare facilities across their estates.

Some companies partner with third-party childcare providers to run on-site childcare

facilities, preferring to leverage external expertise. For example, **Unilever Indonesia** partners with OwpenKidz, an external vendor selected following a rigorous procurement process in which parents were involved and given final decision-making power. Similarly, **Lovely Sunshine Daycare**, which offers daycare, preschool, and kindergarten services in

Jakarta, has partnered with multiple organizations over time, including Standard Chartered, Allianz, Shopee, and Lazada. Another Jakarta-based childcare provider, **Bintang Waktu**, has provided in-house daycare for companies including P&G and Bank Rakyat Indonesia, as well as supporting temporary childcare during the *Eid al-Fitr* holidays at mining company, Pamapersada Nusantara, and manufacturer of homecare products, Megasari Makmur, among others.

5.2 Back-up care, addressing seasonal and emergency needs

Back-up care arrangements provide parents with alternative care options at short notice, so they do not have to miss work when their usual care arrangements fall through. Unilever's on-site daycare facility offers a range of care options for working parents: full-time care for children aged up to 6 years, overtime hours up to 8 p.m., and unlimited places for back-up care.

A growing number of Indonesian employers offer on-site back-up childcare during the holidays or on a seasonal basis. Unilever Indonesia provides full-time "Festive Childcare" to all headquarters employees for two weeks during *Lebaran*, the period around *Eid al-Fitr*, where Indonesian domestic workers typically return to their hometowns, leaving many families without alternative care arrangements. Likewise, **UOB Bank** and **Bank OCBC NISP** provide on-site childcare for employees' children during the *Eid al-Fitr* holidays.



5.3 Childcare subsidies and allowances are a flexible alternative

For employers unable to provide on-site childcare, subsidies and allowances offer a flexible and cost-effective solution. DBS provides flexible financial support for childcare expenses through its iFlex employee benefits scheme. Under the scheme, employees are granted a fixed annual allowance that can be put toward a range of family, health, and wellness expenses, including childcare arrangements of their choice.

Despite the potential benefits for workers and relative ease of administration for employers, employer-provided subsidies and vouchers for childcare are uncommon in Indonesia.

Given the high cost of care outside the home and limited availability of state-subsidized childcare, this represents a significant opportunity for Indonesian employers, particularly smaller businesses. Subsidies can be a cost-effective and relatively simple option for employers to support their workforce while maintaining operational flexibility.

5.4 Enhanced leave entitlements

Women in Indonesia have access to a legislated paid maternity leave, and some companies provide enhanced leave that goes beyond the minimum requirements. Indonesia's statutory maternity leave provides three months of paid leave (1.5 months before and 1.5 months after childbirth). As a demonstration of their commitment to employee well-being, some companies offer more generous maternity leave options that help new mothers recover, adapt to parenthood, and establish a strong

bond with their children. For example, **DBS** offers 16 weeks of paid maternity leave for new mothers, including those who have adopted a child of up to 7 years of age, while **Unilever Indonesia** offers four months of paid maternity leave, with universal uptake from new mothers. **P&G** and **Nestlé** provide 3.5 months of maternity leave, with the option to extend to 6 months at Nestlé and 6.5 months at P&G.

Increasing paternity leave allows fathers to actively participate in childcare, contributing to a more equitable division of child-rearing responsibilities. Paternity leave, though limited to two days by law in Indonesia, is gaining traction among progressive employers. Paid paternity leave can improve the distribution of caregiving responsibility and bonds between fathers and their children. It also helps mothers by providing additional time to rest, breastfeed, and reduce stress associated with parenting, ultimately fostering worker well-being and productivity in the long term. Nutritional product manufacturer Sarihusada offers maternity and paternity leave beyond statutory requirements and has recognized and celebrated the roles of fathers through its Father's Day virtual campaign.

Unilever Indonesia offers three weeks of paid paternity leave and proactively encourages men to make full use of this benefit through flexible scheduling and visible role modeling by senior managers to challenge stereotypes. Strategies to introduce flexibility in how leave is taken include allowing men to take one week at a time in the three months after childbirth. Similarly, DBS provides two weeks of paternity leave, including for adoptive fathers of children up to 7 years old.

Other options to enhance leave entitlements include allowing employees to accumulate annual leave in anticipation of childbirth or adoption and introducing paid family leave for caregiving needs and emergencies.

5.5 Parental skills training, networks, and healthcare benefits

Some companies go further by offering resources to help employees successfully balance their work and care responsibilities. Programs can also improve caregiver skills and employee mental health through targeted training and support services. GoTo offers parental skills training, counselling, and a club for working parents. **BTPN** also facilitates a parents' club where they can exchange childcare and nutrition tips. Companies could run information sessions on topics such as nutrition, child safety, discipline, bullying, and technology use, and companies could also consider offering transportation and childcare during sessions to improve accessibility. **Ungaran Sari Garments** supports its predominantly female workforce with pre-natal yoga classes, health check-ups, and nutritional support for pregnant staff and new mothers. Integrating counseling services for parents to address concerns like postnatal stress or financial pressures into existing employee assistance programs would help to normalize supports of this nature.

Health insurance coverage for children is often a highly valued benefit. Unilever offers all its employees (regardless of gender or position) private health insurance that also covers an employee's spouse and up to three children. Focus group participants cited this as one of the company's most important family-friendly offerings and a key driver of employee retention. Furthermore, anecdotal evidence from case study research indicates that some employers in Indonesia only offer family health insurance coverage to male employees, based on a view that men are more likely to be the primary

breadwinners. Employees at **DBS** can choose how they use an allowance provided through its iFlex employee benefit scheme, including for medical insurance for themselves and their family members.

5.6 Breastfeeding support

In Indonesia, employers are required by law to provide employees with time to express milk during working hours and ensure access to lactation facilities. Although legislation encourages breastfeeding, the number of babies under 6 months old who are exclusively breastfed in Indonesia decreased by 12 percent between 2019 and 2021, dropping to 52.5 percent in 2021, a change attributed to COVID-19.85 Research in the garment manufacturing sector suggests that factories tend to fulfill only the minimal requirements when it comes to breastfeeding support, in part because employers have limited technical understanding to go beyond compliance.86

Employee consultation can significantly improve the quality and uptake of breastfeeding support.

At **Ungaran Sari Garments**, staff consultation resulted in significant improvements to the company's breastfeeding facilities and the introduction of an innovative breastmilk courier service, which delivers breast milk directly from a mother at work to her baby at home. It also established a peer-to-peer breastfeeding support program to provide guidance and advice before and after birth. **Unilever Indonesia** consulted female employees on all aspects of the design of lactation facilities at its new headquarters in Tangerang. This resulted in a more open and communal design that allows multiple women to use the facilities, and a more practical space to enable women to work while using the facilities if necessary.

⁸⁵ World Health Organization (WHO), World Breastfeeding Week: UNICEF and WHO urge greater support for breastfeeding in Indonesia as rates decline during COVID-19, Press Release, (August 1, 2022), https://www.who.int/indonesia/news/detail/01-08-2022-world-breastfeeding-week--unicef-and-who-urge-greater-support-for-breastfeeding-in-indonesia-as-rates-decline-during-covid-19

⁸⁶ Ray Wagiu, B., Sudigdo, S., Astrid, W. S., Saptawati, B, Yvan, Vandenplas, et al., Implementation of Breastfeeding Friendly Policy in a Factory: A Qualitative Study among Occupational Health and Safety Coordinators in Indonesia, *Biomed J Sci & Tech Res* 24(1), (January 6, 2020), https://biomedres.us/pdfs/BJSTR.MS.ID.004004.pdf

5.7 Empowering employees through flexible work arrangements

Flexible work policies offer a cost-effective way to boost recruitment and retention for nearly all employers while supporting employees' childcare

needs. Employers should adopt an output-based model of employment, offering flexibility in work location, hours, and schedules, such as remote work, adjustable start and end times, or part-time options. Clear absenteeism policies should require employees to communicate reasons for absences while providing options to make up time or access leave benefits. To address childcare specifically, employers must establish transparent protocols for requesting and approving time off, with consistent guidance for supervisors on managing absences. Communicating these policies through staff handbooks, meetings, and digital platforms ensures accessibility. Additionally, job-sharing and phased return-to-work programs for new parents can further support work-life balance, boosting employee satisfaction and loyalty. Flexible working arrangements are available for **Unilever**'s HQ staff who are required to attend the office three days per week, be available for essential meetings, and ensure that they meet all their relevant targets. Otherwise, they control when, where, and how their work is accomplished. These arrangements are available to all employees, but are particularly beneficial for employees with family responsibilities. Similarly, **DBS** offers a flexible working scheme, whereby all employees may work from home for up to 40 percent of the time as agreed by their managers and may negotiate their start and finish times. Enhanced flexibility is provided for employees with greater needs, such as those caring for a newborn baby, newly adopted child, or family with serious health concerns, who may apply for up to six months of remote work.

Although flexible working arrangements are typically associated with office environments, there are options for employers in manufacturing to offer greater flexibility for production workers. Ungaran Sari Garments

offers a double shift system, where workers alternate between morning (7 a.m. to 2.30 p.m.) and afternoon shifts (2.30 p.m. to 10 p.m.). The alternating shift pattern is scheduled well in advance, providing predictability for employees who can also swap shifts or request to work opposite shift patterns to their family members to avoid childcare fees or cater for one-off caring commitments.

5.8 Crafting family-friendly solutions through a tailored approach

The diversity of family dynamics and workplace needs underscores the importance of tailored childcare solutions. The cornerstone of meaningful childcare initiatives is a commitment to understanding and engaging with employees, keeping in mind the persistent challenges of finding quality, conveniently located, flexible, and affordable childcare. Employers should actively engage with employees to understand their challenges and preferences, using tools like surveys and focus groups. This collaborative approach ensures that childcare initiatives are practical, inclusive, and impactful.



A STEP-BY-STEP PROCESS CAN GUIDE EMPLOYERS IN IMPLEMENTING THE BEST POSSIBLE CHILDCARE SUPPORT FOR THEIR EMPLOYEES.

1. Define goals

Answer questions such as, "Why are we doing this?" "What are our goals?" "What are the needs of our employees?" Common answers include:

- There is a strong business case for us to offer childcare and family-friendly policies.
- We are legally required to do this.
- Our employees face multiple care challenges that result in business challenges, such as high absenteeism, which childcare could help fix.
- We, including our leadership, are committed to building a reputation as a family-friendly employer of choice

2. Understand legal requirements

Become familiar with the legal requirements surrounding employer-supported childcare and childcare provision more broadly. Legal requirements may include licensing and registration, quality and safety standards, tax and non-tax benefits, and issues around liability and insurance. Where national-level guidance is limited, employers can consider following international guidelines.

3. Design solutions

- Decide which childcare solutions are feasible, including benefits such as flexible work or family leave.
- Conduct a childcare needs assessment and engage with employees to determine cost, quality, demand, access, scope, and eligibility.
- Understand what childcare options are already available in the market. For example, the availability, quality, and affordability of existing programs and how easily they can be accessed.
- Calculate the estimated costs of preferred options, develop a budget, and identify income sources.
- Develop a simple theory of change or a business model and strategy to align goals, solutions, and expected
 outcomes and guide the process. Set a baseline and establish key performance indicators.

4. Implement programs

Pilot feasible options, partner with quality providers, and designate a task force or department for implementation.

- Choose a feasible childcare option and complementary family solutions—such as flexible work, breastfeeding support, and paid leave—to pilot, and offer them to all parents.
- Identify and vet potential public, private, or civil society providers to partner with, while prioritizing quality.
- Seek help when needed (support from networks and other professionals).
- Communicate often with all stakeholders to continuously improve the options
- Monitor and evaluate frequently, measure progress against the baseline, and adjust the approach as needed.

5. Monitor and improve

Continuously evaluate the impact of childcare initiatives against a baseline and refine them based on employee feedback. Document the business case and share with others.

- Conduct anonymized surveys to establish a baseline for childcare-related absenteeism and distractions, reviewing results at intervals (for example, six months or one year).
- Incorporate gender-sensitivity training for supervisors and assess job roles for gender-specific challenges
- Engage external partners to advise on inclusive policies, particularly for parents of children with disabilities and special needs and single parents.
- Add childcare-related questions to employee surveys and discuss findings in management meetings to drive continuous improvement.

 $\overline{}$ Source: IFC, Tackling Childcare: A Guide for Employer-Supported Childcare (2019).



Annex:

Calculating Cost to Business

This section describes the methodology for calculating business costs related to childcare responsibilities. It summarizes the losses across three impact categories: absenteeism, tardiness, and distraction.



ESTIMATED LOSSES

Productivity loss due to distractions was calculated using a multiplier of one hour. For instance, if an employee reported feeling distracted once in the past four weeks, they are assumed to have lost one hour of productivity at work. If someone reported feeling distracted four times during the same period, it is assumed they lost a total of four hours of productivity. This amounts to a total loss of 138.50 workdays over a four-week period across the 13 companies that participated in the business costs component of the survey.

Staff members who reported being late, stepping out, or leaving early due to childcare responsibilities are assumed to have lost one hour for each reported incident. This amounts to a total of around 125.25 workdays lost across all employees in a four-week period due to tardiness and short absences related to childcare.

The survey also inquired about how often parents were absent from work due to childcare responsibilities in the previous four weeks.

This amounts to an estimated total of 425 workdays lost across the 13 companies surveyed.

Estimated number of person-days lost due to distractions related to childcare responsibilities

	Once	Twice	Three	Four	Five	Six or more	Total
Assuming 1 hour discount due to distraction (a1)	1	2	3	4	5	6	-
Number of survey participants reporting feeling distracted due to childcare issues (b1)	237	128	59	32	14	40	510
Number of days lost due to distraction = $(a_1 \times b_1)/8$	29.63	32.00	22.13	16.00	8.75	30.00	138.50
Total lost workdays in a four-week period							138.50
							

Estimated number of person-days lost due to tardiness related to childcare responsibilities

	Once	Twice	Three	Four	Five	Six or more	Total
Assuming 1 hour discount due to lateness (a2)	1	2	3	4	5	6	-
Number of times late due to childcare (b2)	240	129	46	25	10	36	486
Number of days lost due to lateness = $(a2 \times b2)/8$	30.00	32.25	17.25	12.50	6.25	27.00	125.25
Total lost workdays in a four-week period							125.25

TABLE 3
Estimated number of person-days lost due to absenteeism related to childcare responsibilities

	Once	Twice	Three	Four	Five	Six or more	Total
Assuming 1 day discount due to absenteeism (a3)	1	2	3	4	5	6	-
Number of times absent due to childcare (b ₃)	140	75	14	7	1	10	247
Number of days lost due to staff absence = (a ₃ x b ₃)	140.00	150.00	42.00	28.00	5.00	60.00	425.00
Total lost workdays in a four-week period							

The average cost to companies associated with lost work time due to childcare responsibilities was determined by summing the total wage loss reported by participating companies over one year and dividing that total by the number of companies involved. Ten companies provided their average salary data, while 13 companies reported a participation rate in the employee survey ranging from 0.53 percent to 77.59 percent. Depending on the size of the workforce, the total annual cost for each company ranges from IDR 40,712,618 (\$2,467) to IDR 30,732,502,370 (\$1.8 million). On average, the cost of lost staff time due to childcare responsibilities amounts to IDR 5,846,698,129 (\$354,345) per year across all companies, which translates to IDR 2,903,028 (\$176) per respondent per year.



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