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



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### **ABOUT**

### IFC

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### **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.

### Acknowledgements

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# 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.



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