

People & Organizational Performance Practice and Diversity & Inclusion

The childcare conundrum: How can companies ease working parents' return to the office?

The status quo work culture no longer works for most families—particularly those with very young children. But companies' support for childcare can turn worker attrition into attraction. Here's how.

by Sarah Gitlin, Ayushi Gummadi, Alexis Krivkovich, and Kunal Modi



Finding quality, affordable childcare has long been an issue for working parents in the United States, but events of the past two years have only intensified the challenge and highlighted what a porous, patchwork system childcare has become.

The global pandemic drove many day care centers, after-school programs, private nannies and babysitters, and other childcare resources to reduce their hours, change the scope of their services, or close their doors altogether. In response, some working parents in the United States left or considered leaving the workforce as they struggled to meet employers' work-from-home demands while still attending to the needs of homebound toddlers and school-aged children.

According to survey research we conducted recently with the Marshall Plan for Moms,¹ the childcare conundrum continues: workable childcare options remain elusive for those planning a return to the workforce, for those who never left, and particularly for working mothers with preschool-aged children.

Indeed, the survey shows that 45 percent of mothers with children aged five and under who left the workforce during the COVID-19 pandemic cited childcare as a major reason for their departure, compared with just 14 percent of fathers who said the same. Additionally, 24 percent of the mothers with children aged five and under said they had considered reducing their hours or moving to a part-time schedule, compared with 18 percent of the fathers.

Many of these parents are midtenure employees who enhance the social fabric of their organizations—as many women managers have done in supporting colleagues' health and well-being during the COVID-19 pandemic.² If these parents do drop out, companies stand to lose functional expertise, institutional knowledge,

managerial capabilities, and mentorship at a time when such skills are needed most.

As companies begin to think about managing returning talent and attracting new joiners—whether in traditional or hybrid work environments—they can no longer ignore employees' (and potential employees') childcare requirements. In this article, we review the findings from our research and outline the key challenges for working parents (particularly working mothers) with respect to affordability, quality, reliability, convenience, and accessibility of childcare.

We also suggest some ways for companies to better support their employees' childcare-related needs. And it is important to start doing so now: the social contract between employers and employees in corporate America is being fundamentally rewritten on the fly. By removing penalties for parents who are taking care of young children, companies can turn the Great Attrition into the Great Attraction and develop and advance more diverse talent.

Understanding the pain points

Our research points to five core challenges parents have had and are still facing in securing sustainable, equitable childcare.

Affordability. The cost of childcare varies across the United States depending on region and age of child; in general, however, care for very young children tends to be the most expensive given the recommended lower child-to-teacher ratios.³

It will likely come as no surprise, then, that for the working parents in our survey with children aged five and under, affordability was ranked as the top childcare concern (or tied for first with another concern). Cost was a particular concern for women and parents who worked hourly jobs and had to find care for children aged five and under (Exhibit 1).

¹ In February 2022, we conducted surveys of working parents across the United States. The surveys spanned multiple industries and demographic groups, with a population that was representative of census-tract demographics. There were 2,000 respondents who were parents of children under age 14 and 1,003 parents of children aged five and under. Marshall Plan for Moms (marshallplanformoms.com) is a campaign of the nonprofit organization Girls Who Code.

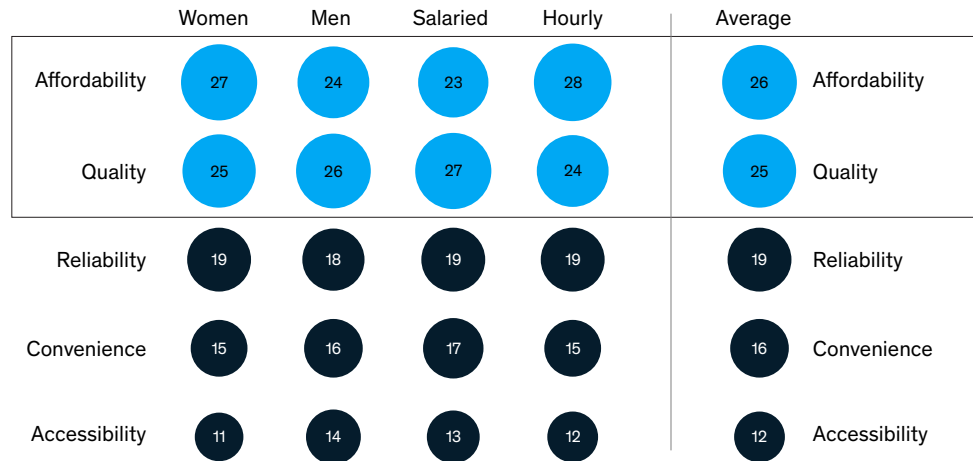
² *Women in the Workplace 2021*, LeanIn.Org and McKinsey, 2021.

³ Hunter Blair and Elise Gould, "Who's paying now? The explicit and implicit costs of the current early childcare and education system," Economic Policy Institute, January 15, 2020.

Exhibit 1

Affordability and quality are the top concerns for working parents with children aged five or under.

Parents' level of concerns about childcare,¹ points (assigned out of 100)



¹Question: Survey respondents were asked to allocate 100 points across this list of childcare concerns. "Other" responses were not factored into the total, so columns may not add up to 100 (n = 833).
Source: McKinsey and Marshall Plan for Moms survey of parents with a child aged 5 and under who is receiving some form of childcare

The US Department of Health and Human Services (HHS) considers 7 percent of a family's household income to be the threshold amount for childcare to be deemed affordable. Under that standard, the average annual cost of childcare for one child (about \$9,400) would not be affordable for a family with a median household income below \$130,000.⁴

Quality. Respondents ranked quality almost as high as affordability in our survey: 48 percent of parents with children aged five and under who are receiving some form of childcare said quality was their top concern (or tied for first with another concern). Parents overwhelmingly said they want their children in safe, supportive educational environments—though, according to academic research, only 13 percent of two-year-olds in the

United States currently attend childcare settings that would be deemed high quality.⁵

Reliability. Industry data show that about 35 percent of childcare centers that were shuttered during the COVID-19 pandemic remain closed for various staffing and financial reasons.⁶ When primary childcare options such as these are unavailable, working parents need access to reliable backups so they don't have to significantly modify their work schedules or take time off entirely. However, only 8 percent of the working parents in our survey with children aged five and under said their employer provided access to emergency and backup childcare, and only 13 percent said their employer provided paid emergency-care days.

⁴For information about family copayment contributions, see "Family Copayment Contribution," Child Care Technical Assistance Network, accessed April 2022; and "Picking up the pieces: Building a better child care system post COVID-19," Child Care Aware of America, July 2020.
⁵Emma K. Lee and Zachary Parolin, "The care burden during COVID-19: A national database of child care closures in the United States," *Sociological Research for a Dynamic World*, Volume 7, January–December 2021.
⁶Ibid.

The lack of childcare backup may help explain why 50 percent of the working mothers in the cohort with children aged five and under believed their childcare responsibilities became “somewhat more difficult” or “much more difficult” during the COVID-19 pandemic; 40 percent of working fathers in this cohort said the same. Indeed, some 34 percent of working mothers reported childcare concerns as a top reason for voluntarily leaving the workforce, compared with 20 percent of working fathers (Exhibit 2). Those findings square with data from McKinsey and LeanIn.Org’s recent Women in the Workplace report, which points to high rates of burnout among mothers of young children during the pandemic.⁷

Convenience. Some 28 percent of the parents in our survey with children aged five and under who are receiving some form of childcare rated convenience as a top concern (or tied for first with another concern). While not as much of a deal

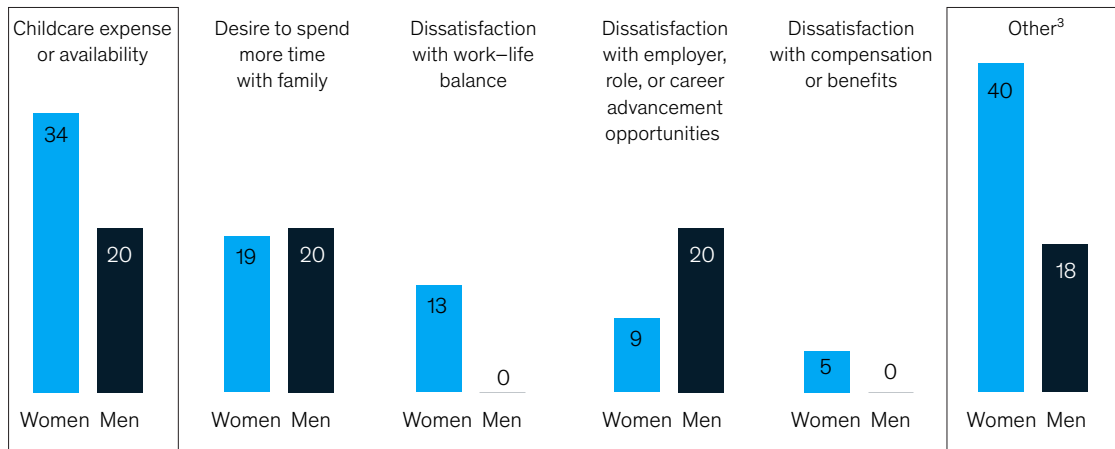
breaker as affordability, questions of convenience did play a big role in these parents’ childcare decisions—for instance, is the childcare center close to the office (or close to home in the case of hybrid situations)? Do the center’s hours of operation match parents’ work schedules? If not, parents may be discouraged from signing up their children for caregiving programs, and the already-precarious work–life balance for employees may remain off-kilter.

Accessibility. In many US communities, there is often not enough childcare to adequately serve the population. According to a 2018 study by the Center for American Progress (CAP), more than half of US residents live in a childcare desert—communities where there may be three or more children for every available licensed childcare slot. These deserts are situated almost equally within rural and urban communities.⁸

Exhibit 2

Working mothers report childcare concerns as a top reason for voluntarily leaving the workforce.

Parents’ reasons for leaving the workforce,¹ % of responses²



¹Question: We asked parents to rank which, if any, of these factors influenced their decision to leave the workforce. They were allowed to choose up to 5 reasons and were asked to assign a total of 100 points to the 5 reasons based on importance (n = 1,003).

²Excludes individuals who were laid off or furloughed (n = 99).

³Includes responsibility to care for an infirm family member, felt financially secure to retire, and other.

Source: McKinsey and Marshall Plan for Moms survey of parents with a child aged 5 and under who is receiving some form of childcare

⁷Women in the Workplace 2021, LeanIn.Org and McKinsey, 2021.

⁸The Coronavirus will make child care deserts worse and exacerbate inequality, Center for American Progress Action Fund, June 22, 2020.

How can companies support employees' childcare needs?

The working parents in our survey highlighted significant pain points in the childcare landscape, particularly in the care of very young children—but they also revealed some of what it would take to mitigate these issues and usher their return to the workplace. The data we compiled on *recruitment, retention, and advancement* may be of particular interest to companies that are reconsidering their employee value propositions in the wake of the Great Attrition. The employers who pay attention to this feedback, and act thoughtfully to support employees' childcare needs, may gain a competitive edge with current and prospective employees. They may even establish themselves as destination workplaces over the long term—truly differentiating themselves in the ever-evolving talent game.

Recruitment and attraction

When it comes to recruitment and attraction, 69 percent of the women with children aged five and under who are currently looking for employment said they would be more likely to choose an employer that offered assistance with childcare expenses or provided access to on-site childcare. About half the respondents cited flexible working arrangements as the top reason they would pick one job over another, while 26 percent of respondents ranked predictable hours and scheduling as first priorities (assuming their compensation remained the same).

Retention

When deciding whether to stay with a company or switch to another, 83 percent of the women and 81 percent of the men in our survey with children aged five and under said that childcare benefits would be a “very important” or “somewhat important” factor in the decision. About 40 percent of respondents who were considering moving to a less-demanding job said that on-site childcare services at their current company may cause them to reconsider. And 38 percent of respondents said that their companies' assistance with childcare expenses would also be a key factor in their staying put.

Advancement

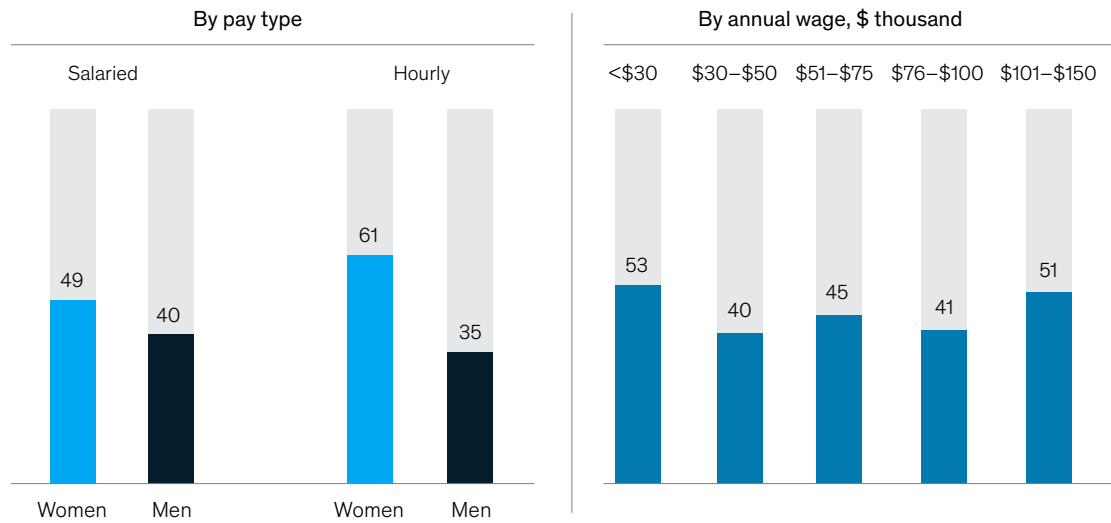
The working mothers of children aged five and under in our research base said they received fewer professional-development opportunities as a result of their childcare responsibilities. Indeed, 57 percent reported feeling held back professionally for this very reason, compared with 38 percent of working fathers in our survey (Exhibit 3). Fifty-three percent of working mothers with children aged five and under who left the workforce temporarily, reduced their hours, or moved to a less-demanding job said they did so in full or in part because of childcare responsibilities. Additionally, 40 percent of respondents who refrained from pursuing promotion said having access to on-site childcare would have allowed them to reverse that decision.

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Exhibit 3

Working women, whether salaried or hourly, feel that childcare responsibilities hold them back professionally.

Parents who feel childcare concerns have prevented them from taking on more work,¹ % respondents



¹Question: Survey respondents were asked to rank on a scale of 1–5 (strongly disagree to strongly agree) the extent to which they agree with the following statement: "I have frequently held back from taking on greater responsibilities or hours at work as a result of my childcare responsibilities" (n = 1,003). Source: McKinsey and Marshall Plan for Moms survey of parents with a child aged 5 and under who is receiving some form of childcare

Making the commitment

How companies choose to support employees' childcare efforts will differ depending on industry context, operational implications, and available resources. However, particularly as people return to work (in whatever combination of physical and virtual presence that entails) and rebuild connections, there is no downside to polling working parents within your organization, identifying the childcare pain points unique to your organization, and discussing ways to address both the company's and employees' needs.

That's what business leaders at the financial services company Synchrony did during the COVID-19 pandemic: they assessed the childcare needs of their corporate and call-center employees through surveys and listening sessions. As a result of that exercise, the company developed a package of benefits that has helped to empower and support working parents. The package included an

extension from 25 to 60 days of backup childcare, the addition of virtual after-school and summer camp programs and tutoring, the distribution of laptops to further children's education, and flexibility in employees' hours and work location.

Other forms of commitment to employees may include:

- **Addressing the childcare affordability gap.** Companies may offer full or partial tuition subsidies for center- or home-based care, flexible-spending accounts for dependent care, or creative financing models to cover childcare costs in the first five years of a child's life (the most expensive in terms of caregiving services).
- **Expanding employees' access to childcare.** Companies may want to explore on-site day care initiatives, as Patagonia has done, offering childcare at its headquarters in California

and at a distribution center in Reno, Nevada. Tuition is on a sliding scale, and services are available to both hourly and salaried workers. The company has reported 25 percent lower turnover rates among employees who use the childcare program compared with the overall workforce.⁹ Alternatively, companies could offer excess space in their facilities to childcare operators or provide demand guarantees to operators in childcare deserts.

- **Making childcare more convenient.** Companies can make childcare more convenient for working parents by addressing their need for flexible arrangements and hours—for instance, allowing them to change when they start and end their workdays so they can better meet childcare center drop-off and pickup deadlines. One professional-services firm has established a “bring your baby to work” program that allows new working mothers in particular to ease into changed routines at home and at work. Other businesses are offering telework and hybrid work arrangements to working parents (including both salaried and hourly employees). Synchrony, for instance, has adopted enhanced flex scheduling that allows team members to work through a centralized system to determine how and where they may be able to take hours off and make them up later. The company also employs split shifts, which lets employees complete a four-hour shift in the morning and a four-hour shift in the evening with extended time off in the middle of the day. Employees can also take vacation or personal time off in hourly increments.
- **Ensuring greater reliability in childcare.** Some companies offer services that give employees

access to backup care if a nanny is sick, a home-based day care closes suddenly, or another emergency crops up. Such services may be subsidized by the company, in part or in whole. Synchrony’s backup-care benefit is notable in that the company cut the red tape and made it very easy for employees to choose the best provider for the situation ahead of time—whether a family member or a childcare center or other third-party option—ensuring that employees could get backup childcare on short notice.

- **Raising the bar on quality.** There are many ways employers can help working parents find quality childcare—including serving as a conduit to critical community information. A large clothing retailer, for instance, conducted a childcare census to understand the challenges and needs of working parents. Armed with such data, the company reached out to service providers and other key stakeholders in the community to identify the most relevant resources and share them with working parents.

Following the COVID-19 pandemic and the Great Attrition, the country is at a critical juncture where improving the childcare experience is fundamentally tied to gender equity and economic competitiveness. Corporate leaders have a unique opportunity to innovate in childcare support and help working families achieve their full potential. Providing this kind of support goes beyond the realm of employee benefits; it is core to employers’ value propositions and talent-development strategies.

Sarah Gitlin is an associate partner in McKinsey’s Washington, DC, office; **Ayushi Gummadi** is a consultant in the Bay Area office, where **Alexis Krivkovich** is a senior partner and **Kunal Modi** is a partner.

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⁹Kathryn Mayer, “Patagonia’s secret to employee engagement? Onsite daycare,” *Employee Benefit News*, June 28, 2017.