Impact of Childcare Assistance (A Work-Life Balance Practice) on Employee Retention in Indian IT Sector

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GJMBR-G Classification: FOR Code: 940105, JEL Code: J54
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The study shows that when the average childcare assistance score increases, the average employee retention score also increases proportionately. The study reveals positive correlation and significant association between Employee Retention and childcare assistance.

The findings of the study shows that majority of the managerial personnel are able to increase their retention levels with the help of childcare assistance as one of the important work-life balance practice.

The study concludes with a conceptual framework which explains how spillover theory helps in increasing employee retention and also how management and co-worker support helps in smooth implementation of childcare assistance in increasing Employee Retention as a part in achieving work-life balance.

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I. Work Life Balance Practices: An Introduction

Recruitment and retention of key personnel has become one of the drivers of implementing work-family balance policies (Johnson, 1995; Poelmans et al., 2003). Balancing work and family issues have become increasingly important for both employees and employers, and are a universal worldwide phenomenon (Jarrod M. Haar, 2007). Work-life balance is one of the most difficult issues facing families in the twenty-first century (Elizabeth W., Calvin W., & Janice R., 2008).

Over the past decade, corporate work family policies and programs have blossomed, and employer interest and activity in this area continue to grow, despite the difficult economic challenges confronted by most employers (Hewitt Associates, 1995) The changing demographics of the US workforce, and in particular the increased labour force participation of women, is one of the factors most commonly cited as a primary impetus for implementation of work-family initiatives (Galinsky et al., 1991).

In the pursuit of reducing stress, increasing performance, increasing productivity, reducing costs and enhancing profitability in the workplace, organizations have been evolving new ways and means to build psychological relationships with employees. Work-life balance (WLB) is a common challenge throughout the industrialized world. Employees all over the world are facing challenges how to balance work and personal life (Ramachandra Aryasri A. & Suman Babu S., 2007).

Most cited work-family policies in work-family literature are on-site day care; help with day care costs, elder care assistance, information on community day care, paid parental leave, unpaid parental leave, maternity or paternity leave with reemployment, and flexible scheduling (Perry-Smith et al., 2000).

a) Work-Life Research in IT Sector in India

During the period 1995-2000 India saw the information technology enables services (ITES) e.g, call centre and software sector boom. Many organizations in this sector adopted work styles and organizational practices from developed countries in the west. Workers were expected to work 24/7 × 365 days of the year. To prevent such a work style from affecting worker health and productivity, workplaces offered services traditionally associated with the family and non-work domain within their premises such as gymnasiums, day-care facilities, laundry facilities, canteen facilities, even futons to sleep on if you felt like a nap (Uma Devi, 2002). However in reality IT workplaces turned out to give very little room for family time and therefore did not live up to this promise. Also, since family friendly measures were offered more as an imitation of western organizational practices rather than from a genuine concern to enable (women) workers handle work and family responsibilities, they have suffered casualties during the recent recession in the IT sector (Winifred 2003).
There is more innovation conceiving work-life balance policies and practices in IT and IT enabled services-be they multinational or Indian companies—because of the preponderance of gender balance and resultant increased awareness and concern about family responsibilities. Interestingly, as Wipro’s website puts it, the emphasis is on “Work balance towards life” rather than “life balance towards work”. (C. S. Venkata Ratnam and V. Chandra, 2009) In view of longer working hours and around the clock support, IT workers suffer more from work-life conflict than in most other cases. (C. S. Venkata Ratnam and V. Chandra, 2009)

b) Outcomes of work-life balance practices

Much of the work-family evaluation research investigates the concerns of business with a focus on work-family policies’ impact on recruitment, retention, and various proxies for productivity: employee morale, absenteeism, tardiness, job satisfaction, and stress – outcomes that reflect the “business case” concerns that motivate employers to implement family-supportive policies. (Debra B. Schwartz, 1996)

c) Gender and Childcare Benefits

The demographics of the workforce are steadily changing to include more women; meanwhile, the majority of childcare duties are still the responsibility of women, who may be particularly concerned with childcare arrangements during working hours (Gutek et al., 1988). Overall, women generally shoulder a disproportionate share of the responsibility for childcare, independent of the age of the child (Googins and Burden, 1987). For example, studies show that compared to fathers, mothers are more likely to stay home with a sick child (Northcott, 1983) and are therefore absent from work more often (Klein, 1986). This responsibility for family and childcare is not always easy to balance with the responsibilities of a job and can create role conflict that may negatively affect one’s family, work, or both. Studies have shown that this type of conflict is more prevalent in female than in male employees (Jick and Mitz, 1985; Lewis and Cooper, 1988).

To lure more of them into a job, employers may have to offer everything from more flexible hours and part-time work to on-site day care and sick child backup care” (Bernstein, 2002).

Frone and Yardley (1996) asked Canadian employees to rate the importance of childcare assistance in addition to flextime, compressed workweek, job sharing, childcare assistance, work at home, and reduced work hours. This research found that gender was related to the perceived importance of two of the six family-supportive programs studied – job sharing and childcare programs.

d) Childcare Assistance, an Employee Retention increaser and its importance

Nowadays employers are in the habit of cutting costs. Childcare Assistance is one such work-life balance practice that adds minimal cost to the employers but moreover it adds many benefits to the bottom line like improved retention, increased performance, reduction of employee stress and there by increases Organizational Productivity.

Research has found that, as a result of the dramatic increase in demand of childcare assistance, issues surrounding childcare are of great interest to families, employers, and policy makers in the USA and other countries. (Timothy L. Keingham et al., 2006).

Because few topics are as important to most families as finding the proper balance between caring for children and work, numerous studies by government entities, think tanks, non-profit organizations, and academic researchers have focused on childcare issues (Gain, 1999; Mitchell, 1992).

The NCJW study of 2,000 pregnant women also focuses on retention, absenteeism, and productivity. The NCJW study compiled a scale of eight indicators of an “accommodating workplace” that included sick leave, disability leave, parental leave, job protection and health insurance coverage during leave, a supportive supervisor, flexible scheduling, and some form of childcare assistance. The study found that women who worked for the most accommodating companies were more satisfied with their jobs, were sick less often, took fewer sick days, worked more on their own time, worked later into their pregnancies, and were more likely to return to work than women in less accommodating workplaces (Bond, 1987). Seventy-eight per cent of women in “highly accommodating” workplaces returned to their original place of work, compared with 52 per cent of women in unaccommodating workplaces (Piotrkoski, Hughes, Pleck, Kessler-Sklar, & Staines, 1993).

In her article, Schwartz asserts that business must recognize that management women represent a critical component of its talent pool to be retained and developed. She posits that the fact of pregnancy, childbirth, and motherhood is “the one immutable enduring difference between men and women” (Schwartz, 1989) and argues that this reality must be addressed.

For career and family women, Schwartz advocates the provision of extended leaves, part-time work, flexibility, and family supports (parental leave for men, flexible benefits, support during relocation, and child care). These would enable companies to retain talented women who – without such mechanisms for achieving the balance they desire – might otherwise leave (Schwartz, 1989).

The Singapore Government’s universal education policy is an important and strong driving force...
encouraging more women to join the labour force. The foreign maid scheme, child care scheme, child care subsidy and tax rebates are also great pushing forces for women to remain in the workforce.

The 1991 Labour Force Survey showed that 75 per cent of the 32,900 persons who left the labour force were females. Of these female leavers 60.9 per cent were between 20 to 39 years old and 84 per cent were married; 59.1 per cent of the females left the labour force because of family commitments, including child care (Report on the Labour Force Survey, 1991). If mothers of young children are to be in the labour force, it is vitally important that there should be loving, competent and reliable substitute mothers who are readily available. Satisfactory child care arrangements (in terms of cost, quality, and convenience) will encourage mothers to remain or enter the labour force.

Generally in Singapore, providers of on- or near-site child care centres are organizations that belong to the public sector. In addition to the evidence from the research survey, which reflected that all the 15 organizations that had such provisions belonged to the government sector, the Ministry of Community Development also reported that only three out of the 22 workplace child care centres were set up by private companies.

Child care may also be included as a fringe benefit in a flexible benefit plan, so that employees may choose a small subsidy for child care as one of their fringe benefits. The employer either pays a small amount toward the employees' costs of child care or reimburses employees for part of the costs (Curson, 1986).

II. Research Problem, Research Questions & Objectives

a) Research Problem

- The literature review reveals that there are very few studies in India which explore the impact of childcare assistance on employee retention.
- After having extensive discussions with the research guide, academicians, key HRD people in IT Industry and colleagues, the research problem has been formulated keeping the following questions in perspective.

b) Research Questions

- Whether Childcare Assistance as a work-life balance practice is being adopted by IT organizations in India and what are its possible outcomes?
- How Childcare Assistance help organizations in increasing Employee Retention?
- How Management and Coworker Support helps in smooth implementation of Childcare Assistance in IT companies.

c) Objectives of the Study

- To study existing work-life balance practices in select IT organizations in Hyderabad.
- To study and analyze the influence of childcare assistance on employee retention.
- To study how management and co-worker support helps in smooth implementation of childcare assistance on employee retention.

III. Literature Review

a) Relationship of WLB outcomes to Childcare Assistance

Friedman's (1989) review of the research pertaining to the impact of work-family policies on the bottom-line concerns of employers notes that most studies have looked at single policies, rather than at the cumulative effect of several initiatives provided simultaneously. Exceptions to this approach are the National Council of Jewish Women's (NCJW) (Bond, 1987) study of mothers in the workplace, and the more recent evaluations of Johnson & Johnson (J&J) (Families and Work Institute, 1993) and Fel-Pro’s (Lambert et al., 1993) work-family initiatives. Overall, evaluations of single policies [child care (Galinsky et al., 1990; Perry, 1982 leave, flexitime] find the most consistent benefit those results in enhanced retention of employees. A positive impact on recruitment, productivity, and employee attitudes has also been cited by various studies.

b) Research studies on Management & Co-worker Support

The literature has suggested that the adoption of formal family-responsive policies may not have the desired effects if there is no supportive organizational culture (Kossek & Nichol, 1992). Therefore, if lack of supervisor and organizational support is shown from the research findings, then companies considering family-responsive policies should take steps to promote a corporate culture that values or at least accepts the necessity and potential long-term benefits of the policies.

Organizational culture is often cited as the key facilitator or barrier to work-life policies (Thompson et al., 1999) with cultural norms often over-riding formal policy intentions. According to the business case, a supportive culture (management and coworker support) can improve morale and motivation and reduce stress and absences.

i. Management Support

Based on a study of managers' and professionals' use of work-family policies specifically, Blair-Loy and Wharton (2002) also argue that employees were more likely to use these policies if they worked with powerful supervisors and colleagues who could buffer them from perceived negative effects on their careers.
ii. **Co-worker Support**

Another factor which may contribute to an understanding of why many employees are reluctant to take up work-family provisions is lack of co-worker support. Also referred to as the “backlash” movement (Haar and Spell, 2003), there is some evidence, based on theories of organizational justice (Hegtvedt et al., 2002) that resentment by some employees may contribute to a work environment where the utilization of work-life policies is not encouraged.

**c) Theoretical Perspective/Conceptual Framework for the Present study**

The theoretical underpinning for this present research study was also built on the concept of spillover theory (FIGURE A--Conceptual Model on Flextime as a WLB practice and employee stress reduction outcome); Spillover theory can help explain the reciprocal relationship between work and family by accounting for both the positive and negative influence of multiple roles (Leiter & Durup, 1996). Spillover refers to the experiences (attitude, behavior, environment, demands, emotions, responsibilities, resources) of one role "spilling over" or affecting the other role. Spillover can simultaneously involve the experience of both stress and support. When an individual's experienced stress accumulates in one domain and cannot be contained within that domain due to lack of resources, the stress spills over into the other domain and is expressed there as well. For example, spillover from work to family occurs when an employee experiences a difficult, stressful day at the office and comes home to the family, yelling at one's spouse and children. Stress experienced at the office is then experienced at the home.

i. **Hypothesis**

After conducting an extensive review of literature, the following hypothesis predominantly in the alternate form is developed in line with the research problem and objectives.

Ha : There is significant impact of childcare assistance on employee retention.

**IV. Research Methodology**

The primary data was collected from April’2012 to Sept’2012. The study is based on both the primary data and secondary data. Secondary data was collected from various research journals, books, magazines, websites related to the field of the study. Primary data was collected by administering a structured questionnaire to the junior level & middle level managers of the sample companies. A 1-5 point Likert Scale from strongly disagree to strongly agree has been used to measure the statements in the questionnaire. The measures were adapted and Cranach's coefficient of reliability was computed for all dimensions to verify the internal consistency of the items (Childcare Assistance and Employee Retention) that constitute the dimensions. For childcare assistance and employee retention scale, the number of items is 8 and the Cronbach alpha value is 0.967.

a) **Methodology and Sampling Design**

Firm size affects the type and extent of work-life balance policies that are offered. In their study of US firms, Galinsky and Bond (1998) found that company size was the next best predictor of the presence of work-life balance policies, after industry type.

Ten IT companies are selected on the basis of non-probability sampling which is non-random in nature. A total of 300 samples with 30 samples (Assistant Managers, Managers, and Sr. Managers) from each company had been included from the 10 companies based on simple random sampling. The sizes of each of the junior level and middle level management depends on the population of respective cadre of managers. Managerial personnel from HR, Marketing, Finance, Operations and Technical functions are included in the study. All these companies have more than 1000 employees each.

Males constitute 218 members (72.7%) and Females constitute 82 members (27.3%). They belong to age group between 25 yrs to above 45 yrs. The highest percentage of participants is between 35yrs-45yrs (45.7%). 280 participants i.e., (93.3%) are married and 20 participants (6.7%) are unmarried. Truly this is a representative of the work-life problems faced by married managerial personnel. 280 participants i.e., (93.3%) said they have children and 290 participants (96.7%) said they have elderly persons in their families whom they need to look after. 210 participants (73.3%) said they work more than 8 hrs and nearly 100 participants (33.3%) said they work night shifts (8pm-4am) and another important observation is that 244 participants (81.3%) said they have working spouses. All these combinations will help to further study and evaluate work-life balance practices on organizational outcomes. The following tables will explain the demographic characteristics of the respondents.

**V. Statistical Analysis and Results**

The data is analyzed by using SPSS (Statistical Package for services and solutions) 18.0 version.

When asked how important you think the following work-life balance practices?

For Childcare Assistance : The data collected out of 300 Managerial personnel 24.3%-32.7% felt extremely important to important.13.7% respondents felt neutral and 15.3%-14.0% felt somewhat important to not at all important.

When asked “I would be less likely to quit a job that allowed childcare assistance”. 90 (41.3%) male managerial personnel had responded “agree or strongly agree” whereas 41 (50%) female managerial personnel
had responded “agree or strongly agree” and from the overall sample 131 (43.6%) male and female managerial personnel together had responded “agree or strongly agree”. This explains that females’ perception towards impact of childcare assistance on employee retention is more when compared to males.

Table 1: Mean and Standard Deviation Scores of ‘Overall Sample’

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Retention</td>
<td>3.08</td>
<td>1.456</td>
<td>300</td>
</tr>
<tr>
<td>Childcare Assistance</td>
<td>3.33</td>
<td>1.379</td>
<td>300</td>
</tr>
</tbody>
</table>

Table 1 gives the mean and standard deviation scores for the overall sample of 300 managerial personnel (which includes Assistant Managers, Managers and Senior Managers). It is interesting to observe that the averages of these domains are almost the same with lesser variation on Employee Retention. For Childcare Assistance, the corresponding range is 1 to 5.

In order to measure the extent of linear relationship between the average Childcare Assistance scores and the average Employee Retention scores, Karl Pearson coefficient of correlation is computed; and is tested for significance.

Table 2 reveals that there is a positive correlation between Employee Retention and Childcare Assistance ($r=0.624$, $p=0.000$), and is found to be statistically highly significant. For future research, it may be suggested that Childcare Assistance can be used to estimate Employee Retention. Since managerial personnel from all cadres for the purpose of work-life balance practices study are included, it reflects the importance of Childcare Assistance to measure Employee Retention.

Table 2: Correlation between Employee Retention and Childcare Assistance

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Employee Retention</th>
<th>Childcare Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Retention</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>0.624**</td>
</tr>
<tr>
<td>N</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>Childcare Assistance</td>
<td>Pearson Correlation</td>
<td>.624**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>300</td>
<td>300</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

Table 3: Coefficient of determination between Employee Retention and Childcare Assistance of ‘Overall Sample’

| Model Summary |
|---------------|---------------|
| Coefficientsa |
| Model | Unstandardized Coefficients | Standardized Coefficients | t | Sig. |
| B | Std. Error | Beta | | |
| 1 (Constant) | .882 | .172 | 5.118 | .000 |
| Childcare Assistance | .659 | .048 | .624 | 13.803 | .000 |

a. Dependent Variable: Employee Retention

<table>
<thead>
<tr>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Childcare Assistance
Table 4: ANOVA for ‘Overall Sample’

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>247.289</td>
<td>1</td>
<td>247.289</td>
<td>190.522</td>
<td>.000&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Residual</td>
<td>386.791</td>
<td>298</td>
<td>1.298</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>634.080</td>
<td>299</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>a</sup> Predictors: (Constant), Childcare Assistance

<sup>b</sup> Dependent Variable: Employee Retention

Table 5: Regression Coefficient and its Associated Test of Significance for ‘Overall Sample’

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>-.882</td>
<td>.172</td>
<td>.624</td>
<td>5.118</td>
</tr>
<tr>
<td>Childcare Assistance</td>
<td>.659</td>
<td>.048</td>
<td></td>
<td>13.803</td>
</tr>
</tbody>
</table>

<sup>a</sup> Dependent Variable: Employee Retention
The coefficient of determination $R^2 = 0.390$, $p=0.000$ highlights that Childcare Assistance contributes on Employee Retention to a moderate extent (Table 3). Thus, Employee Retention can be estimated from Childcare Assistance scores.

The analysis of variance table (ANOVA) given in Table 4 reveals that the regression model fits well for the data ($F=190.522$, $p=0.000$).

The regression coefficient and its associated test of significance are given in Table 5. The fitted regression model is as follows:

$$\text{Employee Retention} = 0.659 \times \text{Childcare Assistance} + 0.882$$

From the above regression line, the average score on Employee Retention can be estimated for a given average score on Childcare Assistance. Further, the population regression coefficient is different from zero as $t=13.803$, $p=0.000$. It indicates that when the average Childcare Assistance score increases, the average Employee Retention score also increases proportionately.

Hence, the study hypothesis “There is significant impact of childcare assistance on employee retention” is accepted.

a) Managerial implications of the study

The findings of the study reveals that work-life balance is becoming a burning issue in IT sector in India. To facilitate employees, organizations are practicing work-life balance strategies like childcare assistance to their employees so that they can balance their work and life domains. Most of the western organizations are providing work-life balance practices like childcare assistance to its employees and are competing with the global organizations. Indian organizations should match with global approach in providing work-life balance practices to its employees.

The literature review revealed that there are only few studies in India in evaluating childcare assistance as a work-life balance practice based on employee retention. Either the study has been conducted by taking one practice or in single country.

Hence the researcher found that the existing literature was short of empirical studies in the area of evaluating childcare assistance as a work-life balance practice based on employee retention in India, thereby providing the impetus for this study. This research work, which is conceptual and empirical in nature, has taken a step, and a significant one in the Indian context to fill the void.

This study has been a modest attempt to evaluate childcare assistance as a work-life balance practice based on employee retention. The results of this study conclude that there is significant impact of childcare assistance on employee retention.

b) Limitations and Future Suggestions

- The study has been conducted in Hyderabad region, so the restricted geographical region is a limitation for this study.
- Only ten IT organizations from the IT sector are covered under this study and the results of the study cannot be generalized.
- Inclusion of very few female managerial personnel in the study.
- Only one work-life balance practice (Childcare Assistance) is evaluated based on employee retention.

This research work has been undertaken in Hyderabad region of Andhra Pradesh in India in ten organizations from the IT sector. The future research can be in areas of evaluation of work-life balance practices such as childcare assistance based on employee retention in other regions of India and in other sectors to compare the results to arrive at more generalized conclusions. Future research can also focus on the impact of other work-life balance practices on organizational outcomes. This research work has been carried out by taking managerial personnel as a sample, whereas future research can be focused by taking different samples like employees belonging to different levels and comparing between the levels.

VI. Conclusion

To conclude how provision of work-life balance practices like childcare assistance may benefit organizations by improving employee retention rate where employees can perform to the best of their potential and also help policy makers to frame welfare measures to employees. Organizations should integrate childcare assistance as a work-life balance practice in core business objectives and also should use as a strategic tool for improving employee performance.

For effective implementation of childcare assistance as a work-life balance practice there should be both management and co-worker support and also organizations should observe the moods, attitudes, behavior and environment of its employees because spillover of these will have both positive and negative outcomes with reference to employee performance. Organizations should also consider other practices which will increase employee retention.

During this economic downturn or global recession organizations should adopt childcare assistance as a employee retention increase tool because it does not add much cost to the organizations and moreover it adds many organizational benefits to the bottom line like increased satisfaction and productivity, retention of valuable employees ,reduced stress and decreased absenteeism apart from improving employee performance.
References


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