

# CHILD CARE IN WORKPLACE: WHY? & HOW?:

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**ECCE Council**

**SSM Corporate Responsibility**

**Seminar Series**

**Johor Baru**

**2 October 2012**



**BACKGROUND**

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**Transformation Programme (ETP)**

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graph TD; A[Transformation Programme (ETP)] --> B[NKEA Lab held on 1 June-30 July 2010]; B --> C[EPP1 Ramping Up Early Child Care & Education];
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**NKEA Lab held on 1  
June-30 July 2010**

**EPP<sub>1</sub> Ramping Up Early  
Child Care & Education**

# Sign off by YAB Tan Sri Muhyiddin Yassin & YB Khaled Nordin on 14<sup>th</sup> July 2010

## SECTOR ENABLERS

### Support required from Lab Sponsors for 'Sector Enablers'

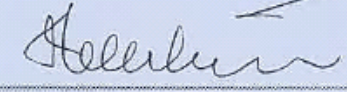
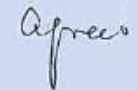
#### We seek your support to...

- 1 **Review immigration procedures** to improve attractiveness of Malaysia to foreign students (tertiary):
  - Expand planned single-tier visa system and biometric program to students
  - Allow students and their dependents to apply for their respective passes at the same time
  - Allow students to work up to 20 hours during term time (for internships and practicum training)
  - Allow high-performing undergraduates and postgraduates (e.g. 1<sup>st</sup> class honours from IPT with 4+ SETARA rating)
- 2 **Champion provision of soft loans at preferential rates** to private ECCE centre and school operators, to unleash private sector potential to support government education objectives:
  - e.g. additional allocations for new private education fund or to SME bank / MIDF; or expand coverage of preferential loans to include private schools and preschools
- 3 **Reduce land conversion cost** for preschools, private and international schools and improve conversion process to allow growth for greater choice for parents/ students:
  - Lower current conversion premiums of 15% of land cost
  - Expedite land acquisition and development order processing (e.g. from 100+ days to 60 days)

#### Next steps

- MoHE to submit proposal to Cabinet Committee championed by Lab Sponsors
- MoE to engage MoF/ EPU to make provisions for funding support of private preschools / schools under priority NKEA sector
- Identify owner for initiative to resolve land conversion

#### Sign off and Comments



**Tan Sri Muhyiddin Yassin**  
Minister of Education



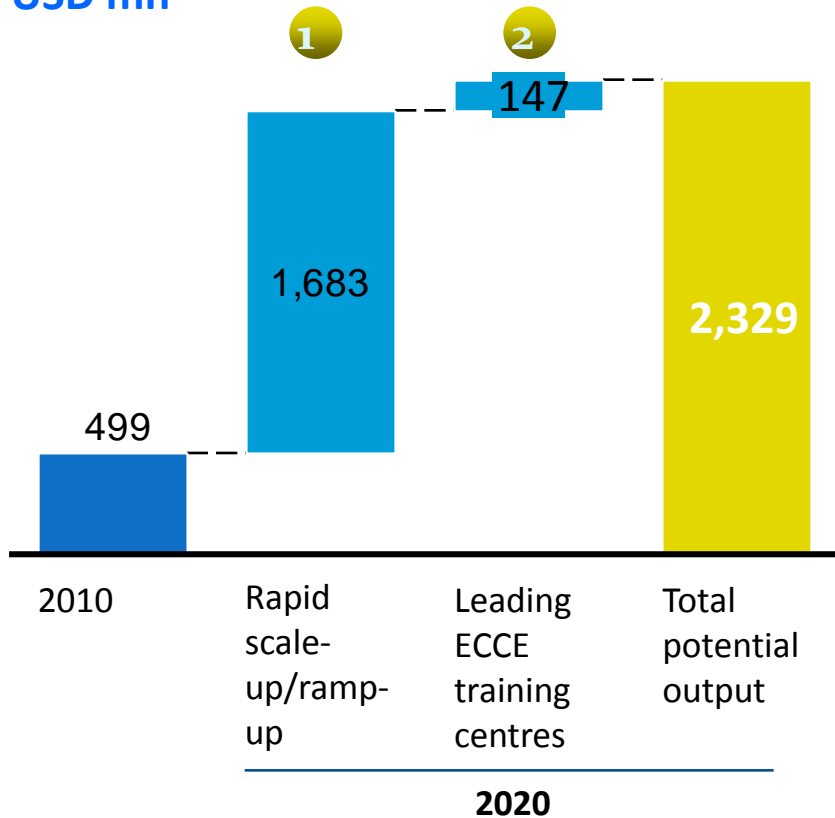
**Datuk Seri Mohamed Khaled bin Nordin**  
Higher Education Minister

**Datuk Dr. S. Subramaniam**  
Human Resources Minister

# We target to increase output by USD 1.8 billion, GNI by USD 1.3 billion from 2010 to 2020

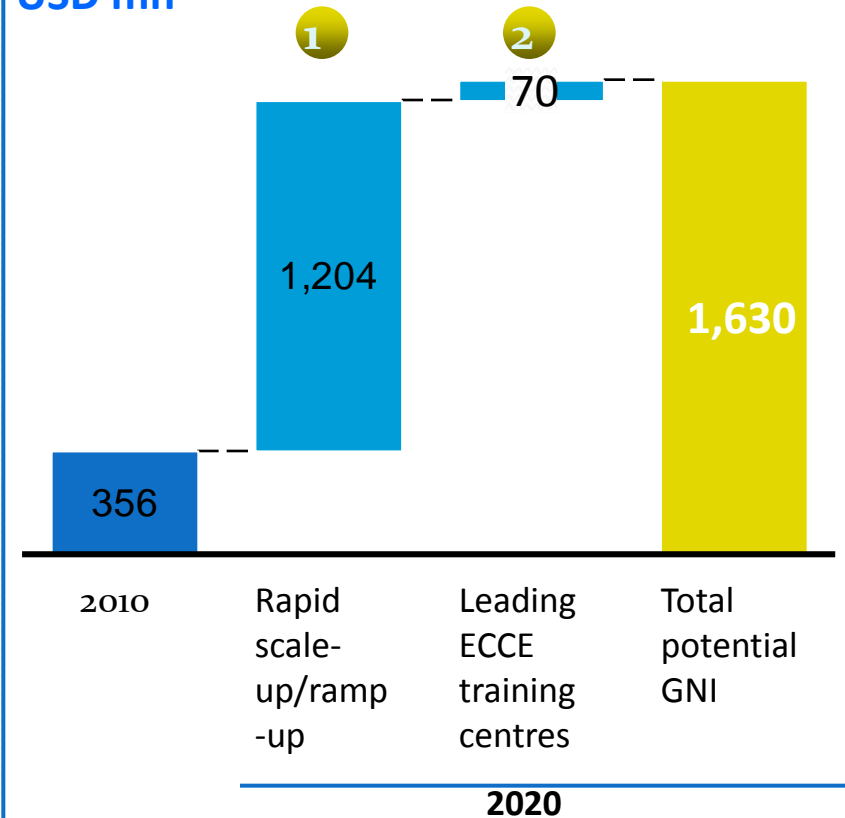
## Targeted 2020 Revenue for ECCE

USD mn



## Targeted 2020 GNI for ECCE

USD mn



# 7 enablers needed for the successful implement of EPP<sub>1</sub>

<b>Unlocking demand</b>	<b>Expand sliding-scale voucher scheme for ECCE to parents</b>
	<b>Enhance corporate participation in ECCE as CSR</b>
<b>Accelerating supply</b>	<b>Develop leading regional training centres for ECCE</b>
	<b>Revise licensing/approval process</b>
	<b>Provide ECCE preferential loan scheme</b>
	<b>Partner with property developers and government for land acquisition/leasing</b>
<b>Strengthening governance</b>	<b>Setup Council or industry association for quality control and professionalism</b>

# Achievement through PPP

**Government**

**Expand sliding-scale voucher scheme for ECCE to parents**

**Provide ECCE preferential loan scheme**

**ECCE Council**

**Setup Council for quality control and professionalism**

**Enhance corporate participation in ECCE as CSR**

**Revise licensing/approval process**

**Partner with property developers and government for land acquisition/leasing**

**EPP<sub>2</sub>**

**Develop training centres for ECCE**

# ECCE COUNCIL

- **Governance of the ECCE Industry**
- **To professionalize the Industry  
(Professional Development Board)**
- **To assure quality control  
(Professional Certification Board)**
- **Advocacy**
- **Link between the government and  
the industry**



# The Council was launched by YAB Tan Sri Dato' Muhyiddin on 18 August 2011





WHY DO WE NEED  
CHILD CARE?

# Providing child care in the workplace

- Is a strategic reform initiative under the Economic Transformation Programme.
- To release parents, especially mothers to the workforce.
- To achieve 50% of women in the workforce.

# According to neuro-scientists:

- At birth, the brain contains about 100 billion brain cells/neurons.
- Neurons need to be connected to be wired into functioning network.
- Outside world experiences through the senses enable neurons to connect or be wired.

# Importance of ECCE

- By three, there are 1000 trillion connections, twice the number of connections in adults.
- Pruning of neurons & connections that are not used.
- Critical periods - windows of opportunities in formative years, if missed, lost opportunities.
- Stress changes brain's architecture.

# Global trend on quality child care

- Neuroscience findings on the importance of the experiences in the first five years of a child's life on his/her brain development.
- Studies of economists, e.g. James Heckman, show investment in ECCE brings high returns.
- Besides, capital building, quality ECCE reduces dropout and crime rate, resulting in cost savings.

# Provision of child care in the workplace has:

- **social aspect which is often overly emphasized**
- **economic aspect which is frequently underemphasized.**

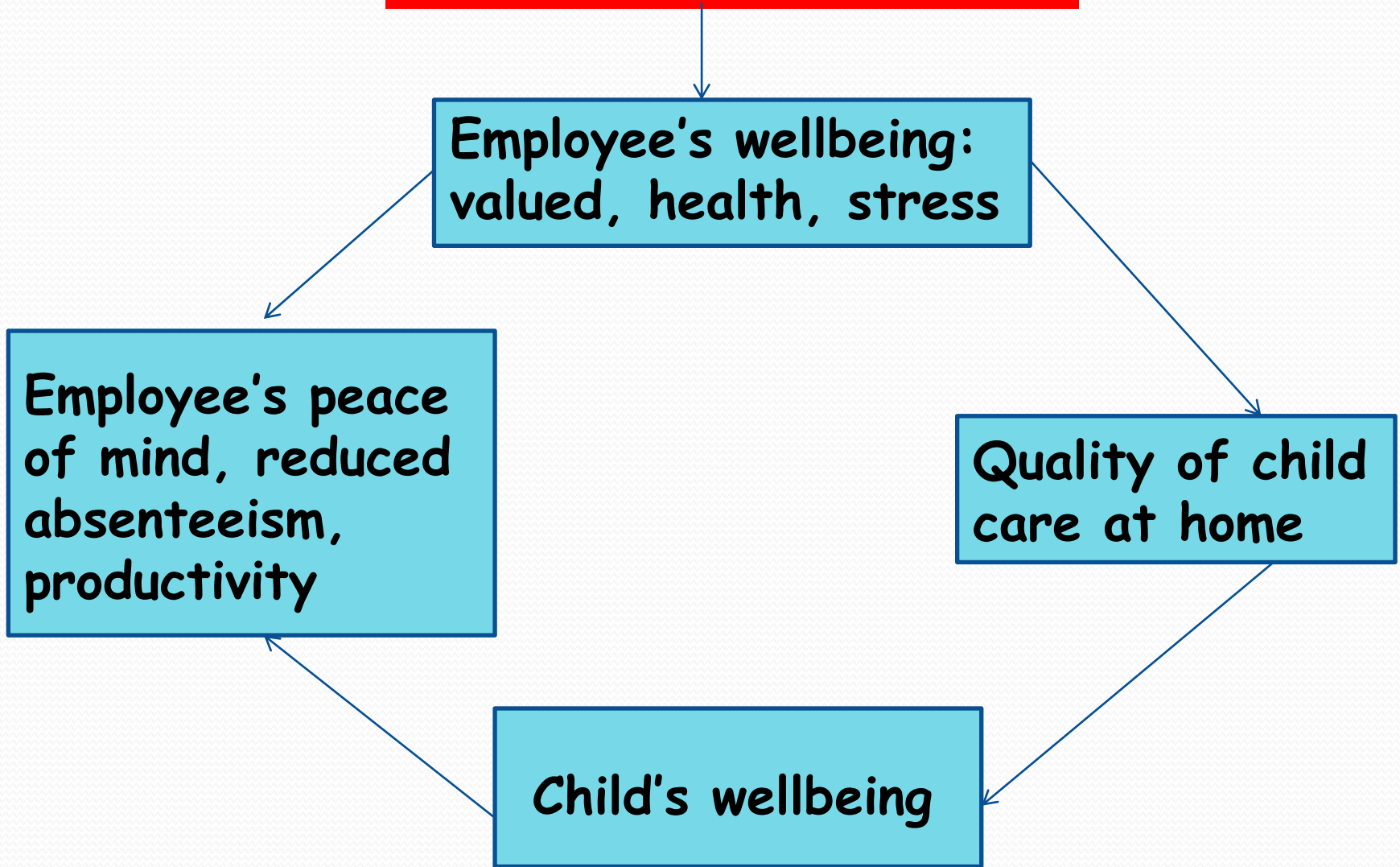
**Workplace culture, milieu,  
employment policy**

**Employee's wellbeing:  
valued, health, stress**

**Employee's peace  
of mind, reduced  
absenteeism,  
productivity**

**Quality of child  
care at home**

**Child's wellbeing**





# Studies and experiences on provision of workplace child care have shown:

## 1. Increasing employee retention

- Experiences of national banks in USA indicate 3 times likelihood of staying on
- Carlson Company, USA, 94% of parents using childcare said benefit of on-site childcare service be a factor for staying with Carlson.
- Pranda Jewellery, Thailand, "artisan are kings"; 2% turnover after opening childcare centre.

## ... 1. Retention

- Competition for high skilled workers
- Reduce turnover, save on advertisement, training and loss of manpower.

Example: HSBC, UK has childcare programme since 1989; cost replacing an experienced employee equivalent to year salary.

- Areva, French energy plant, women returned sooner to work.

## 2. Enhance recruitment

- Accessibility to quality child care on-site is a strong recruitment tool.
- Especially attractive to those with no nearby extended family members or friends.
- Direct benefits include positive family-friendly environment.

### 3. Absenteeism

- Reducing unscheduled absenteeism
  - In a survey conducted in USA unscheduled absenteeism costs an average of USD60,00 a year for small companies and USD 3.6 million for large companies.
  - Besides, entire day absenteeism, there is late for work and leave early absenteeism due to child care problem.

### 3. Reduced absenteeism

- Survey, UK in 2002, more than  $\frac{1}{2}$  of employers interviewed attributed late attendance and leaving early absenteeism from childcare problems.
- Red Land Ross, Kenya, unplanned leave declined by 25% with opening of crèche.

## 4. Productivity

- Higher productivity from higher morale from not requiring to cover for absent parent-employees.
- Parents have peace of mind
- According to SOCFINAF manager:
  - ❖ Better ability to concentrate and reduction in workplace injuries.
  - ❖ Better relationship with management.
  - ❖ Greater loyalty & commitment.

# Benefits of Child Care in the Workplace

## Case 1: J.P. Morgan Chase

- provided back-up childcare services, employees with **resources & referral consulting services** to help them **find stable quality childcare**
- had an annual saving of USD 800,000, a 112% return on company investment.

# Benefits of Child Care in the Workplace

## Case 2:

- Carlson & Carlson-related brands - champion (including Radisson hotels) for quality work-life related benefits.
- Voted the “The 100 Best Companies for Working Mothers” in 2001 by Working Mothers magazine and
- “The 100 Best Companies to Work” for in 2002 by Fortune magazine.



**Women in high-skilled workforce  
wants quality child care:**

“... parents, particularly women,  
refrain from entering the labor  
force if a lack of high quality,  
affordable ECCE exists.”

Krumenauer & Deller, 2009

# In addition

1. Child care is a legitimate service industry; opens up business opportunities and generates revenue.
2. In Miami-Dade county, ECCE industry directly employs over 9000 workers and indirectly almost 4000, generating USD 8882.2 million.
3. Multiplier effects such as supporting jobs in other industries e.g. publication, furniture, educational materials, toys, security etc



HOW?

# Encouraging corporate participation in ECCE as CSR would increase enrolment into quality ECCE services

## Ways for corporate participation in ECCE

1



### Type1: On-site Child Care

Individual corporate company or the networking of corporate companies for providing quality ECCE services for their staff at their premise or agreed premise.

2



### Type2: Shared Child Care Services

A few companies in a vicinity network to set up a child care centre for their staff/ outsource their childcare services to a ECCE practitioner.

3



### Type3: ECCE Fund

The employees use any child care services and the company establishes an ECCE fund or subsidizes the childcare fee.

### Why CSR in ECCE?

- Enhancing corporate participation into ECCE as their CSR would boost further demand for private ECCE enrolment
- For corporate company, it is an effective benefit programme to retain and attract female workforce

### Requirements:

- Create greater awareness on the importance and the values of participating in ECCE
- To continue reach out to recipients of the Prime Minister's CSR awards and other notable companies in Malaysia, and propose partnership initiatives between them and quality ECCE providers

# Types of childcare services

**Other arrangements such as:**

- 1. Partner with child care in the community so that places are reserved & subsidized.**
- 2. Provide some form of financial support e.g. voucher, funds etc.**

# Example

- Administrators at the Inter Faith Care Center, a nursing home in the Arrowhead region, realized that child care options for their 120 employees were limited. In 2001, they worked with a local provider to move a community family child care program to existing space on the property of the nursing home.
- The nursing home provides subsidized rent and meals.

## Example

Solutions can be found within the business community:

- General Mills partnered with nearby Carlson Companies which offer on-site child care.
- Use Carlson's childcare facilities.

# Budget 2013

- **Shows the government's recognition of**
  - **the importance of the early formative years of a child's life;**
  - **the right of every child to quality ECCE and a fair start to life**
- **RM1.2 billion for preschool education in the public sector.**
- **RM380 million for placement of preschool teachers.**



# Budget 2013: Quality ECCE

- **Launching grant of RM10,000 to operators for opening up private child care centres and preschools.**
- **A double deduction on allowances/ subsidies to employees and expenses for maintenance of childcare centres given to employers.**

# Budget 2013: Quality ECCE

- **Income tax exemption for 5 years and industrial building allowance at the rate of 10% to operators of preschools and childcare centres.**
- **Implement a pilot project (TASKA OKU) for 6 categories of disabilities, namely Down's Syndrome, autism, blindness or partial, hearing and speaking disabilities, physical disabilities and learning difficulties.**

# Summary

- The importance of ECCE is beyond a shadow of a doubt.
- Research findings of psychologists, economists & businesses show high returns of investment in quality ECCE
- Child care is a critical component of the workforce development.
- Incorporate ECCE into businesses and economic development makes good economic sense.

# Summary

- Investment in quality ECCE is a win-win situation:
  - Government investments in high quality ECCE for low-income families generate savings through reduction in criminal justice, remedial education, security and welfare costs.

# Summary: Win-win for all

- Business wins as quality, affordable, accessible child care facilities for their employees results in improved employee recruitment, retention, attendance & job satisfaction.

# Summary: Win-win for all

- **Communities win as parents have access to safe, quality care for their young children while they are at work.**
- **Children win as they have the opportunities to develop and become productive citizens.**

# Summary

- **Need for partnership because:**
  - **ECCE industry and parents cannot meet the ECCE needs of children in Malaysia alone.**
  - **Increased public and private engagement is required to increase access to affordable quality child care.**

# Summary

- Review regulations on infrastructure, building, land use, tax credits and loans.
- The Government, non-profit agencies (associations), businesses, the ECCE Council, the ECCE, industry, society & parents have to partner for children's and human capital development.



# BUILDING THE FUTURE



*"Give us, your children a good today and we will give you a good tomorrow..."*

**CORPORATE RESPONSIBILITY TO EMPLOYEES  
(CRE)**



**Thank you**