



EMPLOYER RESOURCE:

Understanding the Business Impacts of Paid Family and Medical Leave

Panorama, an action tank that works alongside partners to drive action on major social issues, is studying how U.S. employers understand the business impacts of paid family and medical leave (PFML) policies.

While companies have shared some findings on the business impacts seen after adopting PFML, a thorough analysis of the potential investments and returns of a policy does not exist. As a result, employers do not understand how long-term outcomes vary across companies, or further, why.

To bridge this knowledge gap, Panorama created a framework to illustrate what investments and returns businesses may see, and how different levers can influence the outcomes for a company. Vantage also summarizes all publicly available data from companies on the business impacts seen to date to help build out a data-driven business case for PFML. This report is a starting point from which companies can better understand, evaluate, and measure the impacts of PFML to make strategic decisions for both their workforce and bottom line.

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Panorama developed this resource to further the adoption of paid family and medical leave by U.S. employers with support from the Robert Wood Johnson Foundation. The views expressed here do not necessarily reflect the views of the Foundation.

This project has led to meaningful opportunities to highlight best practices through business roundtables, publications, and multi-stakeholder convenings. This is an expansion of the team's initial work with U.S. companies to raise awareness of the benefits of a comprehensive paid leave program for both employers and employees. Read more at www.uspaidleave.org

For more information or interest in this report, please contact paidleave@panorama.org

OVERVIEW

PFML has been at the forefront of conversations when considering the needs of the changing workforce, and access to it is quickly increasing across the U.S. However, many employers lack the information they need to understand whether offering PFML can make business sense.

Since 2015, more than 100 brand-name companies have announced new programs or enhanced existing benefits, spurring widespread private sector adoption of PFML.ⁱ In the absence of federal policy, local and state governments have also started to respond to the need for increased access; over the last three years, three additional states and the District of Columbia have all voted PFML legislation into law.ⁱⁱ

higher salaried positions. Small and mid-sized companies, and those with tight profit margins, face a higher set of barriers to offer comprehensive supports to their workforce.ⁱⁱⁱ

As reported on in Panorama's first external report, "[Emerging Business Trends in Paid Family and Medical Leave](#)," the biggest barrier to businesses adopting or expanding a PFML policy remains the limited understanding of the business impacts. Summary findings include:

Perceived cost is the most significant barrier for employers to voluntary adoption of PFML policies.

Anecdotal evidence and employer surveys confirm that uncertainty around the level of investment required to offer PFML is a widespread concern that holds back voluntary adoption of programs. A 2018 survey of HR professionals confirmed that among businesses that do not offer PFML, 70% report cost is the biggest barrier.^{iv}

A fragmented discussion around the potential returns to an employer is just starting to emerge.

Despite the high demand for information on both costs and benefits, Panorama's research indicates the understanding of business returns is still nascent. Advocates for PFML have cited benefits such as increased retention and higher engagement, but evidence grounded in company experience is limited. There is a lack of understanding on the full range of ways a PFML policy can benefit a company. A disproportionate focus on costs presents an incomplete picture to employers, often undervaluing the intangible benefits that can support a company's bottom line.

The most helpful resource for employers in considering adoption of a PFML policy is data on the return on investment.

Nearly half of all HR professionals surveyed report data on the investments and returns of PFML is the most important resource in considering a policy (47%).^v

While PFML is a workplace support that undergoes rigorous analysis prior to adoption, employers rarely evaluate and share the business impacts after implementation.

To support employers in making informed business decisions, this report provides a framework that illustrates where companies may make investments and see returns, and the business levers that influence why companies see varying outcomes from PFML.

Further, this report summarizes all publicly available data on the investments and returns associated with PFML. Evidence grounded in company experiences to date can help employers can better understand the possible impacts of PFML and build a strong data-driven case for offering workplace supports.

70%

OF BUSINESSES THAT DO NOT OFFER PFML PERCEIVE COST AS THE MOST SIGNIFICANT BARRIER TO VOLUNTARY POLICY ADOPTION.

Despite advances, it remains that a relatively small percentage and skewed proportion of the total U.S. workforce have PFML. Research from Panorama's nearly two years of conversations with business executives and human resource (HR) leaders illustrate that access to PFML is more common in higher profit industries such as technology and finance and, within those, is more often offered to corporate employees and





OUR APPROACH: BUILDING THE BUSINESS CASE

While the benefits of PFML are often cited in relation to improving the financial security and health of workers, impacts on the bottom lines of businesses are often overlooked. This report considers the employer perspective on PFML to understand how employee support policies can make business sense.

A strong, evidence-backed case for PFML already exists when looking at employee outcomes.

Research on health impacts of workers that use PFML indicate increases in the initiation and length of breastfeeding, lower rates of anxiety and postpartum depression among mothers, decreases in infant mortality, increases in infant care and vaccination rates, and fewer low-birth-weight and early-term babies - this effect is particularly strong for children under the care of single and African

American mothers.^{vi, vii, viii} PFML is also proven to lead to increased parental involvement, especially among fathers.^{ix}

Looking at broader economic outcomes, access to, and the use of, PFML is shown to lead to improved financial security and higher labor force attachment. According to a 2012 study by the Rutgers Center for Women and Work, women who take paid leave are 93% more likely to be in the workforce 9 to 12 months after a child's birth than women who take no leave.^x

While most employers recognize the potential value that PFML policies may have for their workforce, businesses need a similarly strong evidence base to understand the value of a policy to its the bottom line.

The goal of this report is to compile and explain existing evidence around the impacts of PFML to strengthen the business case for employers, so that companies can ultimately make strategic decisions for both their workforce and their bottom line.



PFML IMPACT FRAMEWORK

Employers do not have a strong understanding of the full range of possible investments or returns they may see from implementing a policy. Based on existing research and conversations with business leaders, Panorama developed a framework that identifies possible investments and benefits associated with a policy, as well as the influencing levers that explain why companies may see varying inputs.

Using this framework as a guide to understanding the business impacts of PFML, the following sections summarize all publicly available findings on investments and returns that have been released by employers to date.

This framework and the evidence provided is meant to highlight the variance of business impacts seen across companies. When considering how this framework and its elements apply within the context of an organization, it is important to understand not

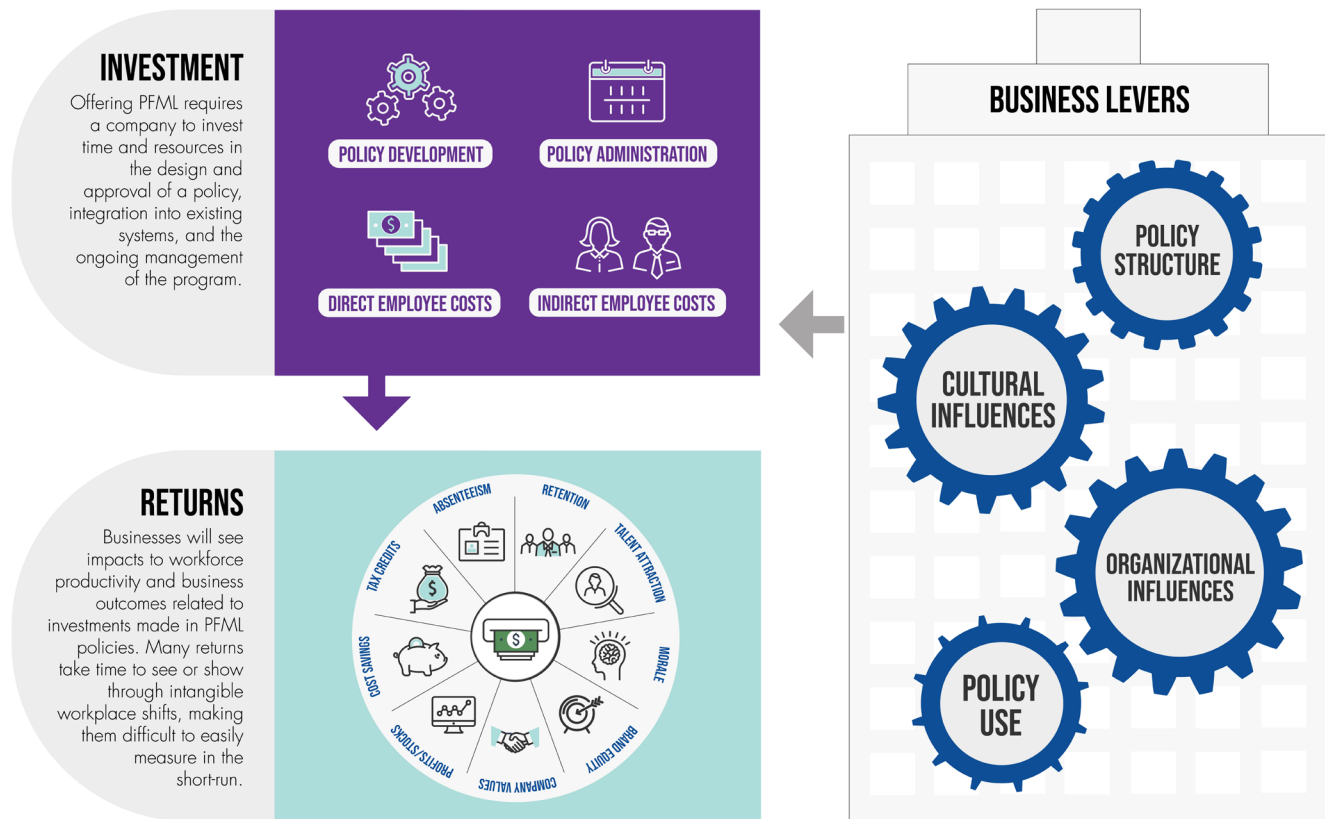
all companies will see the same investments and returns, and most will not see the full range. Further, the magnitude of these factors will vary greatly depending on the business levers outlined, as well as the size, industry, and other nuances of the business. In other words, this framework is not definite model, but should rather be used as a starting point for understanding where companies may look to see the outcomes of their PFML policies.

This company findings summarized on the outcomes of PFML were collected through a

search of white papers, press releases, and employer outreach. The framework does not assume direct causal links between a PFML policy and benefits, but rather highlights areas in which businesses have seen investments or returns linked with a program. In light of Panorama's ongoing efforts to improve the understanding of business impacts relating to PFML policies and encouraging companies to release data as their policies develop, we intend this document as a living resource that will be added to, edited, and re-released in early fall of 2019.



FRAMEWORK FOR UNDERSTANDING THE ROI OF PFML



How Employers Can Use This Report

If you do not have a PFML policy and want to build a business case for offering PFML: Use the publicly shared data on company outcomes to consider the potential investments and returns associated with a PFML policy and what your company might see. However, remember every company is different, and that overall outcomes differ based on the influencing business levers.

If you currently offer PFML and are thinking of expanding the offering: Think about the motivation behind expanding the policy, and consider which areas of investment or returns you would like to influence. Strategically activate the business levers that can help you magnify the impact in areas most important to your company and bottom line.

If you want to support other companies in understanding the impacts of PFML: Evaluate your policy and outcomes and publicly share your results. If you cannot conduct a full return on investment analysis, identify key investments and/or returns of interest, and design tracking programs to understand the metrics most important to your business objectives. When sharing your impacts, make sure to acknowledge that there is a complex interplay of factors that determine business's outcomes, and what your company experienced might be different than other organizations.





Decision Point for PFML

Every company has a different motivation for offering PFML. The premise for offering a policy – whether to meet a business objective such as talent recruitment, to match company values, or to comply with a mandate - can be a good indicator for the level of investment in a policy and the associated magnitude of returns. If a company offers PFML to comply with a mandate, it is often less likely to commit significant resources towards offering additional policy and workforce supports than if it aligns with a core company value.

Investments

Offering PFML requires a company to invest time and resources in the design and approval of a policy, integration into existing systems, and the ongoing management of the program.

POLICY DEVELOPMENT

Designing a PFML policy requires significant effort and collaboration within an organization. Time and resource costs come with building and presenting a business case, fostering support among key decision makers, determining eligibility and scope of the policy, and coordinating efforts across finance, legal, and HR teams.^{xi} The period from initial conversations to policy rollout can last as little as a few weeks or up to several years depending on internal processes required by a company and the need for compliance with a state or city mandate. As these inputs are associated with the preliminary steps of designing and formalizing a policy, they are often one-off costs.

POLICY ADMINISTRATION

Once approved, a company must integrate the new (or expanded) policy into existing processes. Implementation costs come from spreading awareness among employees, familiarizing human resource and

management teams with new regulations, integrating the benefit into payroll and benefits systems, and updating employee handbooks, policy documents, and/or other onboarding paperwork.^{xii, xiii}

The ongoing management of a paid leave policy imposes heightened indirect costs on both human resource departments and line managers stemming from processing requests, determining eligibility, and handling appeals.^{xiv} Redirection of administrative focus represents an opportunity cost for businesses, diverting attention from other objectives such as innovation, training, and growth.^{xv}

INDIRECT EMPLOYEE COSTS

For salaried workforces wherein wages paid during leave are already accounted for in payroll, the added cost to a company is in lowered productivity.^{xvi} Particularly with highly specialized roles, teams can experience temporary losses in both efficiency and productivity when a skilled team member

utilizes PFML. Though employers cannot fully eliminate these costs, facilitating leave transition meetings and delineating roles and responsibilities prior to the leave can help minimize lost productivity.^{xvii}

DIRECT EMPLOYEE COSTS

Depending on how the workload is covered, businesses may incur additional costs from effort recruiting and onboarding temporary employees or from coordinating complex scheduling. More common with hourly workers and generous leave periods, businesses may need to hire a temporary employee to cover the workload of the individual on leave, resulting in the direct cost of added wages and benefits. For shorter durations of leave, or in specialized fields where a temporary employee could not easily cover work, employers may find it more appropriate to cover the workload with overtime hours of existing employees, which is a federal minimum of time and one-half the regular rate of pay.^{xviii}



Returns

Businesses will see impacts to workforce productivity and larger business outcomes correlated with the investments made in PFML policies. Many returns have a long – and complicated tail, and/or present as intangible workplace shifts, making them often difficult to easily identify and measure in the short-run.

TAX CREDITS

The Tax Cuts and Jobs Act of 2017 offers employers direct dollar-to-dollar financial returns for the PFML program expenses of qualifying employees.^{xxix} Depending on the percentage of an employee's salary covered during leave, employers receive a federal tax credit ranging from 12.5% to 25% (for 50% to 100% wage replacement on a sliding scale) to help offset direct programmatic costs.^{xxx, xxxi} Beth Monaghan, CEO of Inkhouse, reported that for an employee earning \$40,000 a year, the PR and communication firm incurs out of pocket costs of \$6,812 with the tax credit benefit returning \$852.^{xxxii}

RETENTION

Companies and stakeholders alike often attribute PFML with increasing the likelihood that employees will return to work for the same employer. This benefit after PFML adoption may be most prominent in workplaces where attrition rates of new parents or caregivers is high. When Google expanded its paid maternity leave to 18 from 12 weeks in 2007, the rate of female turnover after maternity leave reduced by 50%.^{xxxiii} A number of large companies have experienced similarly positive impacts on retention after adopting or expanding a PFML policy, including Accenture (40% reduction in attrition of new mothers after doubling leave),^{xxxiv} Nestle (97.6% of employees who used leave still in jobs six months after return),^{xxxv} and KPMG (anecdotal evidence that supporting parents through first year after birth contributes to higher success of long-term retention).^{xxxvi}

GOOGLE EXPERIENCED A

50%

REDUCED FEMALE
TURNOVER RATE
AFTER RAISING PAID
MATERNITY LEAVE FROM
12 TO 18 WEEKS.

Reducing turnover can be a large cost saver to companies, with economists estimating the replacement cost of an employee at 21% of the position salary, on average, but can cost upwards of 213% for highly specialized senior or executive positions. As employees "appreciate" in value to a company over time, holding onto them after a period of paid leave has even greater impact to the bottom line.

PFML policies have been linked specifically to the retention of marginalized workforce segments, such as women and low-wage workers. Interest in attracting and retaining a diverse workforce has been frequently cited in media as one reason for the swift uptake of paid leave in the technology sector. Using paid parental leave and other family-friendly policies as a strategy to attract and retain talented women, KKR

was able to increase the number of female employees at the company by 4%.^{xxxvii} PFML and family supportive policies can help keep women in the workforce and allow for upward mobility, which benefits a company. A 2016 study by Credit Suisse that looks at over 3,400 companies showed that higher gender diversity and female representation in leadership links with increased stock market returns and overall corporate profitability.^{xxxviii}

Advocates are just now starting to explore how PFML can encourage the retention of employee groups by race, sexual orientation, and economic standing.^{xxxix}

TALENT ATTRACTION

Driven in part by a high-concentration of millennials in the workforce, and the general desire to prioritize work-life balance, PFML policies have become a popular differentiator for companies.^{xxx} In a 2016 survey by Deloitte, 77% of workers with access to benefits reported that the amount of paid parental leave had some influence on their choice of one employer over another.^{xxxi} GE's paid leave policy has helped their recruiters compete with the progressive policies of startups and tech companies to attract top talent, and IBM's former Chief Diversity Officer, Lindsay-Rae McIntyre, argued that talent attraction is how IBM realized the return on investment from its paid leave program.^{xxxii}

ENGAGEMENT AND MORALE

PFML is commonly cited as translating into better satisfaction and morale among employees.^{xxxiii} Employee surveys at LinkedIn show that satisfaction with maternity leave policies are strong predictors of moms' overall



When employees feel that their company is supporting them both in and out of the workplace, they become more engaged and loyal, expressed through hard work and motivation to support the company.

satisfaction at work.^{xxxiv} In California, 98.6% of employers report that offering paid leave to employees through the state mandate has either positively or neutrally impacted employee morale.^{xxxv} Higher workforce morale tends to lead to increased performance and creativity – happier employees provide a higher quality of work, have more attention to detail, and contribute to higher workplace safety.^{xxxvi}

Andee Harris, the chief engagement officer at HighGround, defines higher engagement as employees going “above and beyond” in their work.^{xxxvii} SAP has linked paid leave with increases in employee engagement, which for every 1% increase on an engagement index translates to a \$75 million increase in net operating profits.^{xxxviii}

Engagement is often evaluated through employee surveys, though some companies have seen it realized through longer work hours. One study found that the usual weekly work hours of employed mothers of one-three year-olds’ increased by 10 to 17% after the passing of the California paid leave mandate.^{xxxix} Other research shows that women with access to paid leave work two to three hours more per week after returning to work.^{xl}

ENHANCED BRAND EQUITY

Improving PFML often brings media attraction. The Wall Street Journal, The New York Times, Fortune, Forbes, and more have covered enhancements to policies by Walmart, Starbucks, and others. Notably, large companies like Hilton and IKEA that have been covered in leading outlets announced something that was new for their industries, suggesting that there is a halo effect for those

that take an early position on this issue or design their policies in an innovative way.^{xli}

ABSENTEEISM

PFML helps reduce family-related absenteeism - which Chemical Bank discovered accounts for 52% of all employee absences^{xlii} - by allowing employees to control their schedule with flexibility, and balance competing work and life pressures.^{xliii} Establishing a formal policy allows employees and employers to work together, to prepare for leave with advanced notice of leave, thereby reducing unplanned absences and offering employers greater predictability to handle work coverage.^{xliv}

PFML policies can also help reduce distractions and encourage psychological “presenteeism” in the workplace.^{xlv} The means employee focus will increase when returning from PFML as a result of not having to worry about familial responsibilities.

REINFORCED COMPANY VALUES

A desire to reinforce company values is often a driving force behind the expansion of PFML throughout an organization. It can act as a signal of a company’s commitment to its employees.

Further, it can enable a company to show its support for diversity and equity through policies that are gender neutral, that provide leave to care for sick family members, and that cover same-sex couples, adoption, surrogacy, or foster care.^{xlvi} Erin Moran, Chief Culture Officer of Union Square Hospitality Group, has noted that providing PFML to the company’s full workforce simply aligned with their mission and values. Beyond having impact on their bottom line, the leadership

team acknowledges this benefit as a non-negotiable.

HIGH PROFITS AND SHAREHOLDER VALUE

PFML have been linked to financial returns and higher bottom line for some companies. A 2001 study found that companies with a paid family and medical leave policy had 2.5% higher profits than firms that did not.^{xlvii} On average, a work-family policy announcement is associated with a 0.32% share price increase (on the day announced). For companies that are the first to announce within their industry, this increase can be as high as 0.94%.^{xlviii}

COST SAVINGS

Minimizing Legal Risk: Implementing a comprehensive PFML policy can protect companies from potential lawsuits regarding compliance with the Family and Medical Leave Act (FMLA), disability leave, and equitable workplace benefit laws. In 2017, both JPMorgan and Estee Lauder Companies Inc. were charged with gender discrimination suits, accused of offering less parental leave to new fathers than their female counterparts through “primary” and “secondary” caregiver distinctions.^{xlix} Estee Lauder settled the case in 2018 for \$1.1 million dollars.^{li}

Not only have the frequency of legal cases around paid leave greatly increased, with cases related to eldercare up 650% in the past 10 years, there is also a higher likelihood of cases being settled in favor of the plaintiff (compared to employment cases in general).^{lii, liii}

Healthcare: Making health investments in the workforce such as offering PFML helps increase the productivity of employees and lower health care costs to the company. Early data from Nestle’s program shows that among families using PFML, infant healthcare costs decreased by 12% and mothers filed fewer mental health claims.^{liv} The effect of taking paid leave on mental health extends over time, with multiple studies showing women have decreased risks of suffering from depression, even years later, if they have access to generous maternity leave, which can reduce employer costs in the long-run.^{lv}



Levers

Every company has differing levels of investments and returns associated with their PFML policies. To understand *why* companies see such different impacts resulting from PFML, we have identified four key business levers that influence a company's long-term outcomes.

POLICY STRUCTURE

A policy structure refers to the rules and components of a PFML program, outlining details such as who is eligible to take leave and how many days the company offers. Companies should thoughtfully construct policies to balance available resources with the organizational model and workplace culture to meet the needs of its workforce.

Policy structure can greatly influence investments required to operate PFML, especially as offerings become more comprehensive, though can also boost returns from public perception (brand equity, company values), workforce productivity (talent attraction, morale), and cost savings through tax credits and minimizing legal risk.

Eligibility (employee)

Companies should be intentional about what segments of their workforce have access to the policy. Many large companies with PFML only extend the offering to a portion of their workforce, typically corporate offices and already high-wage employees. Extending the policies equitably across the workforce can help improve the morale of employees within a company and reduce inequalities across the U.S. in access to PFML (only 6% of low-wage workers had access in 2016).^{lv}

The returns from tax credits can be boosted by opening eligibility of the policy to lower-wage workers; the tax credit is only available to companies that voluntarily offer PFML to employees that earn less than \$72,000 annually. While extending the policy will increase investments related to increased work coverage needs, it will bolster the amount that can be returned through tax savings while improving morale of the workforce

as a whole. However, the policy must be formalized, as only written policies are eligible for the credit.^{lvii}

Rent the Runway, SurveyMonkey, and Microsoft have reinforced company values and experienced boosts in brand equity following expansions of their policy to their full workforces in early 2018. The co-founder of Rent the Runway, Jennifer Hyman, acknowledged in a New York Times opinion piece that offering generous benefits to salaried employees and not to hourly warehouse and customer service teams inadvertently contributed to inequality within her company. To reinforce the company's commitment to support employees and treat every worker equally, the companies benefits, including PFML, were expanded across the workforce.^{lviii} SurveyMonkey, a company who offers equitable benefits to all employees, went one step further to extend benefits to contract workers and vendors. Rebecca Cantieri, SurveyMonkey's Chief People Officer, related the expansion back to the company's desire to set standards in tech as well as supporting workers who are working side-by-side in contributing similar impact to the company's profits. Microsoft changed their policy to require suppliers and contractor organizations to offer PFML as a benefit to their employees as a condition to partnership.^{lix, lx}

Eligibility (individual)

The eligibility of an employee largely depends on how a company defines family. This includes definitions around primary and secondary caregivers (or leaving the policy open), whether a policy includes adoption and surrogacy, and what family structures are included under in the offering.

Work life law experts Joan William and Hilary Rau write, "employers often shoot themselves in the foot by designing old-fashioned leave policies that undercut their recruitment and retention goals and may expose them to public relations backlash and legal liability."^{lxi}

Primary and secondary caregiving policies that were accused of gender discrimination between men and women resulted in high legal costs for JPMorgan and Estee Lauder. Since settling, Estee Lauder updated their policy to administer equal leave using gender-neutral criteria.^{lxii} Companies should consider how they design leave for different family members and be intentional on what family needs are covered under the policy - birth, adoption, surrogacy, caretaking - to increase clarity and reduce risk of legal costs.

When a paid leave policy is created to meet the makeup of your workforce, it can ultimately improve talent attraction, recruitment, and morale. The chief people officer of Coca-Cola, Cereee Eberly, notes "fostering an inclusive workplace means valuing all parents – no matter their gender or sexual orientation... we think the most successful way to structure benefits to help working families is to make them gender-neutral and encourage both moms and dads to play an active role in their family lives."^{lxiii} Including all family dynamics, including LGBTQ communities and alternative structures, will signal inclusive values to employees and may improve talent attraction and retention.

Offering

The policy offering refers to the details of the benefits package, including number of days available, pay, and other specifics such as



whether the employee is offered job security.

The policy offering can be a key area to increase returns in talent attraction. Simply offering a policy does not automatically lead to returns. A policy must be competitive based on the industry and geography of competitors to attract top talent. Employers should consider the offerings of top competitors and evaluate revising policies to set individual businesses apart and magnify returns.

Increasing offerings such as the number of days of leave or the amount of pay covered can create steep growth in the required investments related to productivity loss and work coverage costs. However, for national companies operating across multiple states or localities, offering generous benefits beyond policy mandates can reduce the administrative burden of complying with legal requirements across a patchwork of legislation. Small expansions in pay coverage or number of days covered can also greatly increase the morale of employees. If the leave offered is limited and employees perceive it as just for show, it risks lowering morale.

CULTURAL FACTORS

The workplace culture and company leadership can have a significant influence on the scale of returns seen from a PFML policy. These intangible influences are able to set the stage for how comfortable employees are using the benefits and public perception. Changes in the cultural factors influencing PFML can lead to workforce productivity returns, including retention, talent attraction, morale and absenteeism, as well as outward facing public perception and company value.

Business Premise

The premise of companies, whether they offer leave to adhere to a mandate or as a voluntary program, sets a tone and is often interpreted as a reflection of company values. Business premise is most easily shifted when a company expands their policy, for example, a company increasing an offering from compliance to beyond what is mandated. Business premise most directly influences returns from the federal tax credit: companies

that offer PFML in response to a local or state mandate are not eligible for the tax credit output. Expanding a policy beyond the mandate makes companies eligible for savings and can decrease cost investments.

Leadership Involvement

If the motivation for the policy stemmed from employees or from HR efforts, it is more likely that leadership is less actively involved in designing and promoting the program. Greater leadership involvement can mean leaders see themselves as the owners of PFML initiatives, not just the sponsors. Ben Waber, president and CEO of Humanyze, has gone so far as to require new fathers take paternity leave.^{lxiv} Involvement at a leadership level helps communicate to both employees and the public that PFML is an important value and is taken seriously by the company. Outspoken leaders are more likely to readily attract talent by communicating it is not a benefit just to recruit people, but a core company value.

Diversity and Inclusion Focus

Whether or not a company has a targeted corporate strategy around fostering a more inclusive workplace and increasing diversity within an organization can greatly influence the returns seen. If there are active programs to provide an inclusive and equitable environment, D&I strategies are more likely to work in tandem with PFML policies to amplify the returns in talent attraction, retention, and the ability to lift marginalized groups into upper management. D&I efforts also allow companies to strategically evaluate outcomes against business objectives to design more targeted PFML and benefits programs.

Increased diversity within a company has been correlated with higher returns, profitability, and share prices. In particular, research has shown that higher rates of women in leadership positions can lead to higher total returns to shareholders, outperformance on the return of invested capital, better operating profit, and higher stock prices.^{lxv}

ORGANIZATIONAL FACTORS

The level of organizational support for

a policy is also an important factor in understanding how a policy operates, and the extent to which it provides returns for a company. Organizational factors relate to the additional resources allocated to a policy to make sure it operates efficiently and at its fullest potential. While these factors are all associated with higher investment in inputs, organizational factors often also are associated with higher long-term returns.

Resources and Staffing

Policies require a baseline level of administrative and managerial support. Additional investments in resources and staffing for the policy may include designing outreach programs to educate employees,

Outspoken leaders are more likely to readily attract talent by communicating it is not a benefit just to recruit people, but a core company value.

hiring HR staff to help managers with workforce management challenges, or designing organizational policies that formalize PFML request processes to minimize confusion.

While additional administrative inputs increase costs associated with a PFML policy, upfront investments can cut back losses to productivity, costs to cover workloads, and overall administrative burdens in the long-run. For example, The Bill & Melinda Gates Foundation invested in developing a comprehensive onboarding and training plan that has helped managers understand how to backfill employees and transition staff in and out of roles. This investment provided managers with clear guidance about processes and expectations around PFML, which reduced confusion and administrative challenges for both leadership,





teams, and the employee on leave.^{lxvi} PricewaterhouseCoopers invested in running an internal marketing strategy to highlight stories of male employees taking PFML, which resulted in an uptick of male policy use from 40% in 2016 to 72% the following year.^{lxvii}

Organizational support through resources and staffing can make processes more efficient and effective, which contributes to higher team morale, engagement, and productivity through improved transitions. Little or no additional support results in extra administrative burden dedicated to working through unclear or inefficient processes.

Data and Measurement Strategy

Tracking and understanding the impacts of a PFML can identify successes, challenges, and room for adjustment to meet strategic business goals. Tracking business impacts is particularly important for companies whose motivation for offering PFML ties back to business objectives. A comprehensive evaluation strategy can provide data for informing how to improve returns in retention, engagement, and influence decisions about a number of other outputs. Without tracking the policy impacts, it is difficult to know whether business objectives relating to PFML are being met.

Google looked at how their paid maternity leave policy was affecting the retention of new mothers after birth and found that at 12 weeks the turnover rate was double that of the workforce. Using this insight, the company chose to expand the policy to

18 weeks and was able to eliminate the disparity in retention.^{lxviii} SAP makes decisions about benefits and workplace policy based on data, which has allowed it to develop a program where 100% of new parents take paid leave, with 96% taking the full leave available to them. Through data, SAP has been able to observe a direct, positive impact on profits.^{lxix}

When tracking the outcomes of PFML, it is important to ensure metrics and data collection at a HR level are congruent with C-suite decision-making.^{lxx} Research from Mercer identifies there are common internal mismatches in data and measurement strategies, finding that only 27% of executives believe the analytics delivered from HR are actionable for decision making. If business leaders are not receiving the appropriate data on PFML, they cannot make informed decisions to improve their programs.

Workplace Support

Family and medical care needs often do not stop after an employee takes paid leave, no matter the length offered. Responsibilities relating to child, family, and medical care often has heavy responsibilities on employees. Offering additional workplace supports, such as secure and flexible scheduling, lactation rooms, concierge services, and caregiving support can go a long way toward retaining employees.

It is important to consider the needs of the workplace to see how to offer

additional supports to aid both the PFML period and ongoing support after leave. PricewaterhouseCoopers instituted a return program where new parents can work at 60% hours per week for four weeks following the end of parental leave while retaining 100% of salary to improve the transition back to work.^{lxxi} Fifth Third Bank offers new mothers a maternity concierge program, which provides ongoing support outside of the office so women who want to continue in their careers have the support they need to juggle demands of being a parent. The program contributed to an increase in female retention by 25%.^{lxxii} Ongoing supports like these examples can help employees stay more engaged when in the office and remain in the workforce while balancing competing work and life priorities.

POLICY USE

A company will not see any returns unless employees take advantage of the benefit. It is important to have employees of all levels, genders, and backgrounds participate in the program. The extent to which employees at all levels of the organization are empowered to use the program, results will often magnify. This can be achieved by promoting the program across the entire workforce and creating a culture of acceptance, encouraging all eligible employees to take full advantage of PFML. If the program is used to the fullest and employees view it as a benefit, they are more likely to return as engaged, satisfied, and productive workers.



PANORAMA TAKES ACTION

We believe that the key to strategic business decisions is data, guided by a desire to see all working families thrive. Join Panorama to make a change.

Over the course of the next year, Panorama will be engaging with leading companies in the private sector who have committed to track and publicly share data on the business impacts of implementing paid family and medical leave policies. In addition to making our findings publicly available for other companies to see and evaluate, data will be included in this report to continue building up a data-driven business case for PFML. [The Paid Leave Pledge](#), to be officially launched in partnership with [Concordia](#) in September 2018, is open to all employers who are interested in understanding the impact of their policies.

As we have shown in this report, the investments and returns that a company will realize in relation to their PFML program vary significantly depending on a number of factors. To understand how benefits compare across company size, industry, geography,

workforce demographics, and policy structure, Panorama is coordinating a macro-level benchmarking initiative. We are the only organization working with US businesses to understand the business impact of PFML adoption. Panorama will collect company-level data across a set of key metrics to benchmark against competitors and comparators, in an effort to build an understanding of the efficacy of various PFML policies and levers.

We hope this project will help build an evidence base that allows businesses to make strategic decisions for both their workforce and their bottom lines.

If your company is interested in participating in Panorama's ongoing efforts or learning more about our research, please reach out at paidleave@panoramaglobal.org



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