



# How to Manage Parental Leave to Help Your People Flourish

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# Introduction

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The rise of working women since the 1990's means that currently, 65% of Australian families have two working parents but parental leave structures have not changed to reflect this. The minimum leave policy provided by the Australian government is simply no longer enough for many families.

In Australia:

- Schools typically have 12 weeks of closure a year
- Most employees have 4 weeks of annual leave per year

In a "typical" Australian family with two working parents, even if both parents opt to take separate leave, there is still a four week shortfall.

Businesses must take it upon themselves to offer a practical, flexible leave policy to ensure their employees feel supported to flourish at home and at work.

This report focuses on one aspect of leave and flexibility, parental leave.



*"...having a strong parental leave policy provides a strong signal that taking time out of the paid workforce to care for a child is viewed by the wider community as part of the usual course of life and work for parents, rather than a nuisance..."*

-Australian Government Productivity Commission Report

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# Continued...

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*The average length of paid parental leave among OECD countries is around 55 weeks, while Australia's system offers 18 weeks, according to OECD data.*

Unlike the majority of the 36 members of the OECD, Australia provides a flat rate rather than a replacement wage.

This makes the Australian system generous to low-income earners and part-time workers but not to those who earn more than the full-time minimum wage.

Clear, supportive and well-defined parental leave policies are crucial to ensuring gender diversity in the workplace. This study aims to illuminate some of the benefits that businesses can enjoy through authentic leave policies, as well as explore the services currently available at leading organisations.

The Lawson HR Group conducted detailed research with businesses across Australia on what best practice looks like when it comes to parental leave. **We surveyed over 100 organisations confidentially in an attempt to understand what was being offered to parents before, during and after the birth of their children.**

The purpose of this paper is to share our findings and to enable business leaders to understand the importance of having a robust parental leave policy and what Australia's most progressive organisations are offering.



# Summary of our Research

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Many of our respondents communicated that having a successful parental leave policy is a “win-win” scenario. By ensuring their employees have a positive parental experience, the business benefits through higher staff retention rates as well as the retention of knowledge and job-specific expertise, both during leave and upon return.

However, it was rather disappointing to note that many HR professionals responded by detailing what they would like to do and what they view as best practice, but explained that their organisations were not committed to implementing such policies.

There also seemed to be a **high correlation between employees on maternity leave and redundancy**, demonstrating that for some firms there is a clear case of “out of sight, out of mind.” Perhaps of slightly more concern is that some restructures only seem to impact individuals on maternity leave and could be a sign that firms find it too difficult to accommodate those returning from leave.

In conducting this study it was very interesting to compare the range of support services that were made available to employees with the return on investment that companies experienced. Those with robust parental leave policies experienced **higher staff engagement, improved morale and lower turnover**, amongst other benefits.



# Why Offer a Superior Parental Leave Policy?

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*Parental leave policy takes time, money and effort to implement - why is it worth it?*

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## Positive, Authentic Effect on Employer Branding

Employee Experience (Ex) is seen as a vital part of influencing positive Customer Experience (Cx). Your parental leave policy is a simple way to improve your Ex and Employer Branding.

Parental leave policies are becoming a very powerful differentiator when it comes to employer branding, and it is increasingly common for firms to offer their employees more than the statutory minimum. Organisations that can offer a viable and rewarding experience to parents are able to stand out from their competitors and not only retain and develop their staff, but also attract employees from their competitors.

Businesses have an opportunity to make a positive impact on their employees' lives, and this is particularly true for parental leave. Our aim is to share the successes that firms have enjoyed by implementing a range of parental leave policies and initiatives. Acknowledging what is practical to implement will differ for each firm depending on their size, location and corporate orientation.



# OTHER BENEFITS



## Reduced Recruitment Costs

Existing employees that feel supported during parental leave are shown to be far more loyal and engaged. A robust, positive policy encourages parents to stay with the business when making the decision to start a family.

## Knowledge Retention

A strong, authentic policy encourages women to want to return after starting a family, and continuity of employees allow businesses to retain knowledge.

## Employee Attraction

Having a robust parental leave policy is very positive for internal and external Employer Branding and helps attract new employees.

## Healthy Business Behaviours

The need to look at workloads, team structures and workable solutions during and immediately after parental leave means there is increased business planning, innovation and collaboration.

## Social Benefit

Children also benefit when parents have access to paid leave. The Australian Nursing and Midwifery Federation highlights that "**maternity leave contributes to improved child health outcomes such as physical and cognitive development, fewer premature births and reduced infant mortality**"; this is also supported by the International Labour Organisation.

# The Ideas Factory: What Works?

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Below are examples of successful policies that are being used by the Lawson HR Group clients.

## Use of Parental Support Specialists

Giving employees access to a parental support specialist (this can be done via an EAP) during and post parental leave can help people through what can be a difficult time, both emotionally and financially. This person, if independent to the firm, can provide help with issues that employees may not feel comfortable sharing with their employers.

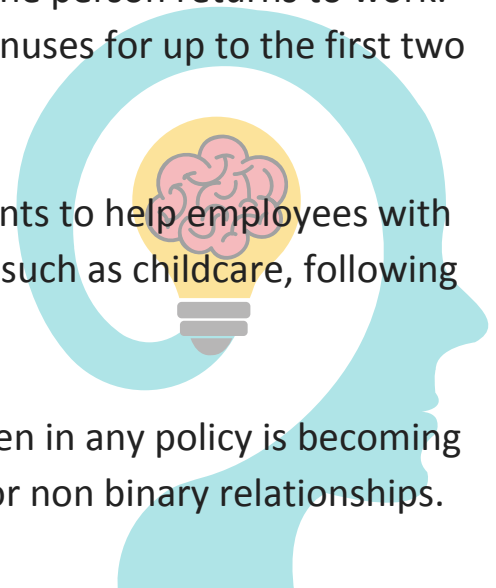
## Support Through Transition Coaching

This offers primary carers and their managers parental leave transition coaching, including tool kits that include resources both parties may need through the transition, such as checklists on important conversations to have and any paperwork that needs to be submitted.

## Financial Bonus

There are a number of workable schemes, popular examples are:

- **Return to Work Bonus** - This is designed to ease the financial burden that comes with children and acts as an incentive not just to return but also to stay. This is payable six months from the date the person returns to work. Some organisations extend this to quarterly bonuses for up to the first two years.
- **Additional Support** - This offers support payments to help employees with expenses associated with their return to work, such as childcare, following extended parental leave.
- **Inclusive Policies** - Greater consideration for men in any policy is becoming increasingly important, as well as accounting for non binary relationships.



# The Ideas Factory: What Works?

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## Parents Networks, Rooms & Facilities

This avenue supports employees to connect with the business and each other during their parental leave, as well as provides a safe and secure environment to change, feed, express or utilise IVF requirements.

## Flexibility of Leave Commencement Date

This offers primary carers the option to commence paid parental leave at any time within 12 months after birth or adoption.

## Superannuation

Paying employee's superannuation during paid parental leave.

## Work From Home

Unlimited working from home in the first 12 months of having a child

## Childcare Assistance

Childcare fees in Australia are officially the highest in the world. Consider offering parents onsite childcare or even a small payment towards the cost of childcare.

## A Choice of Payment Options:

Reconfiguring paid benefits: 18 weeks Paid Leave and 6 weeks Return to Work payment (structured as 1 week per month for 6 months)

- 18 weeks paid leave at full pay
- 36 weeks at half pay or
- 18 weeks' lump sum payment



# Parental Leave & Sales Roles

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*Our research confirms that people working in sales roles are less likely to return from maternity leave (in a like-for-like function) than those in any other role.*

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Below are three examples of solutions our clients have devised to address the difficulties parents face returning to sales roles.

## Babysitting Clients

Having an incubator scheme where clients are “looked after” by a nominated person or team while someone is on parental leave. This means that when the person returns they re-inherit their client base (who have hopefully been well looked after) rather than starting again, or worse, connecting with clients who have been ignored for several months.

## Billable Hours

Many professional working women (including mothers) are Partners of prestige accounting and law firms, and whilst many companies have struggled with the concept of flexible working hours, those firms that have adopted and embraced this have flourished. Our clients have shared with us that they have found success in redefining “full-time employment” from something that is defined by hours in the office to something that is defined by a minimum number of billable hours.

As long as people are “bringing business to the firm” their career trajectory can continue. It seems this is most successful where employees make themselves available when necessary either by phone, email, Skype or FaceTime.



# Parental Leave & Sales Roles

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## Revenue Smoothing

Many sales roles are pay structured, meaning individuals rely heavily on commission. Traditionally when individuals are on paternity leave these payments can dry up and cause financial distress.

What has worked for some of our retail Financial Services clients is a model where someone taking leave can receive additional payments while they are away. Revenue smoothing can be highly effective when looking to encourage people to remain engaged to both clients and the business.

This can involve split commissions and high levels of collaboration, although it is a short-term cost to the business as two people are being paid for the same role. However, the retention rate and other internal benefits of revenue smoothing are significant.



# Keys to Success

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## Parental Leave as a Career Checkpoint

Parental leave can be a great career checkpoint; key to this is two-way communication between employers and employees, as open dialogue will allow both employers and employees to assess where an individual is in their career, refocus and ultimately, flourish.

### Communicate

One of the keys to an excellent parental leave policy is open communication and a willingness to have a flexible approach. The flexibility needs to work two ways, and not simply in terms of the role and hours that people will return back to. The flexible approach should also extend to timing and the understanding that we are all human, and this amazing life event can have very different effects on each individual and their career aspirations. It is critical to avoid making assumptions about timing of return, capacity and enthusiasm to work.

It is common for people to feel cut off or excluded when they are on parental leave, and this is one of the hardest aspects for people to cope with: the feeling of dislocation and anomie. Therefore, as far as reasonably possible, people on parental leave should be included on as many relevant company-wide communications as possible.



# Keys to Success

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## Don't Assume

Once your employee has announced their pregnancy do not make assumptions about what your employee can or can't do. Discuss any concern you may have with your employee about their ability to perform the requirements of the role, as well as any changes that need to be made so they can continue to work safely during their pregnancy.

Don't make assumptions when planning their return. The very worst thing companies can do is make assumptions about what their employee will want to do or be capable of doing when they return from parental leave. The number of examples we have of companies upsetting employees by making assumptions about their return to work plans is quite astounding. Do not assume people will want less work, less responsibility and a lesser career. Talk to them, ask them and communicate.

## Ensure Equal Eligibility and Access

With increased adoptions, same sex marriages, and other emerging, non-traditional family structures, it is important for employers to ensure that parental leave policies are nondiscriminatory, accessible and equitable for all soon-to-be parents. Companies on the leading edge of parental benefits extend parental leave benefits to employees regardless of marital status, gender identity or sexual orientation. The benefits apply to live birth, surrogacy, adoption and foster care.



# Keys to Success

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## Keeping in Touch

'Keeping in Touch' allows an employee to remain connected to their workplace and helps them transition back into work. Your employee can access up to 10 Keeping in Touch days (as defined by the Australian Government) from the time they become their child's primary carer until the end of their paid parental leave period without losing their entitlement to parental leave pay.

If an employee participates in paid work before the end of their paid parental leave period for any purpose other than Keeping in Touch, their parental leave pay will stop. Your employee will also be considered as having returned to work if they access more than 10 Keeping in Touch days during their paid parental leave period.

If your employee participates in a paid work activity for the purpose of Keeping in Touch for 1 hour or more on a day, that will count as one Keeping in Touch day towards the 10 day limit. A paid work activity for the purpose of Keeping in Touch should help your employee to:

- Refresh their skills
- Transition back into the workplace
- Become familiar with new or updated processes
- Be involved in forward planning discussions that may affect their role



# Keys to Success

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## Keeping in Touch continued

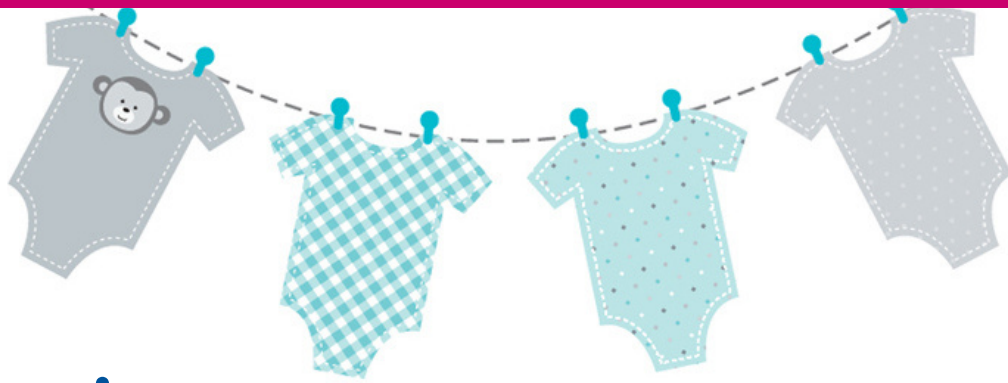
You and your employee need to agree on the type of paid work activity your employee will perform on the Keeping in Touch day.

If your employee participates in a workplace activity they're not entitled to receive any payment or benefit for, the activity won't count as a Keeping in Touch day or returning to work. These include:

- Visiting colleagues
- Participating in social events
- Undertaking other unpaid activities at work, such as accessing emails while on a social visit to the workplace

If your employee participates in paid work for reasons other than to assist their transition back to the workplace, they'll be considered as returning to work. An example of this would be resuming regular paid work or doing a day's work to cover an absent employee.





# Conclusion

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*Maternity leave & parental leave are key points of leakage for businesses.*

50% of Australian firms are struggling to achieve their diversity goals and robust parental cover policies are crucial to succeeding in meeting these targets.

Our research shows a number of women either don't return to work or return to work in reduced roles, often without consultation. By having a robust, practical and meaningful maternity leave policy, organisations have found that not only do they retain more of their female employees, they also have a significant uplift in their employer brand and are able to attract more women to their businesses.

Parental leave must be inclusive and accommodating to reflect the changes to traditional parenting and family structures.

## **How Brooker Consulting can help**

As part of our ongoing commitment to helping businesses attract, retain and develop diverse talent, Brooker Consulting has conducted numerous seminars and published influential studies on diversity as seen below:

### **Research Papers**

- Employer Branding
- Workplace Flexibility
- Unconscious Bias

### **Round Tables**

- Effective Networking
- Salary Negotiating
- Career Transitioning



# About Brooker Consulting

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An international Executive Recruitment business, Brooker Consulting is a prominent Australian search firm specialising in appointing interim and substantive CEOs, Board positions and Executive Leadership Team members. Our expertise spans the public and private sectors, with a strong focus on healthcare, biotechnology, member associations, research, education, and a range of purpose-driven entities.

Brooker is unashamedly a boutique practice, promoting a methodology uniting executive search with advertised selection, combined with an unparalleled depth of experience. Our candidate sourcing, verification, interviewing and reference checking methodologies are second to none, giving Brooker the confidence to offer an exceptional guarantee on each appointment.

To further discuss parental leave policy, strategic recruitment or how we can assist with implementing new HR policies, please contact us:

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