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Spring 2015

## With a US Focus, What is the Relationship Between Paid Maternity Leave and Voluntary Resignation?

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## With a US Focus, What is the Relationship Between Paid Maternity Leave and Voluntary Resignation?

### Abstract

[Excerpt] While the working public desires paid leave, the vast majority of businesses don't want to fund it, and do not want the government mandating they be responsible. This lack of funding maintains the disadvantaged position of women in the workplace.

### Keywords

human resources, paid maternity leave, voluntary resignation, Family Medical Leave Act, United States

### Comments

#### Suggested Citation

Rauen, P. (2015). *With a US focus, what is the relationship between paid maternity leave and voluntary resignation?* Retrieved [insert date] from Cornell University, ILR School site:

<http://digitalcommons.ilr.cornell.edu/student/96>

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April 10, 2015

**Q: With a US focus, what is the relationship between paid maternity leave and voluntary resignation?** *While unable to answer the specific question, I have provided proxy answers and diverse resources that will improve your understanding of the domestic landscape.*

### **Maternity Leave: the US Reality**

In the United States, employees of eligible employers (firms with 50 or more employees) are able to take 12 weeks of unpaid leave, during which their job is protected, as per the Family Medical Leave Act of 1993. UN ILO data shows that of 185 nations, The United States, Papua New Guinea, and Oman are the only three countries in the world that do not offer paid leave.

The 12-week duration is aligned with the ILO's first recommendation, enacted in 1919, and reconfirmed in 1952. The current recommendation of ILO Convention 183 (2000) is for 14 weeks of leave.<sup>6</sup> The ILO describes employment and income protection as a shared responsibility of government and society.<sup>6</sup> Paid leave helps enable women to combine their roles successfully. Paid leave promotes equal opportunities and treatment in employment and occupation, without prejudice to health or economic security.<sup>10</sup>

Forgoing pay for the duration of leave is limiting in numerous ways. Mothers and their families must seek alternative sources of income like savings, accrued PTO, or the generosity of their employer who is not obligated to extend capital. The lack of income increases stress in a radically changed home environment where the mother is typically sleep deprived. A lack of funding may incentivize mothers to return to work much faster than is healthy, in order to begin earning again.<sup>11,12</sup>

While the working public desires paid leave, the vast majority of businesses don't want to fund it, and do not want the government mandating they be responsible. This lack of funding maintains the disadvantaged position of women in the workplace.<sup>4</sup>

### **Whose problem is this?**

One assertion for why unpaid leave remains the norm is that decision makers (boards of directors, CEOs, Congress) are disproportionately male, and less likely to be primarily responsible for childcare. This norm is reinforced by deeply held societal gender-related expectations. Cornell Professor Fran Blau relates, "Discrimination against women in the labor market reinforces traditional gender roles in the family, while adherence to traditional roles by women in the family provides a rationale for labor market discrimination."<sup>12</sup> Many women are waiting longer than previous generations to have children, therefore maternity leave has become an unfunded mid-career interruption and not a pre-career diversion.<sup>15</sup> Additionally, in the United States, in sharp contrast to the business lobby, federal labor mandates in support of workers are minimal.<sup>16</sup> The tripartite dialogue is observed in Europe at the national, sectoral, and firm level does not occur in the US. While President Obama has espoused paid parental leave publicly, the current political landscape that has been well documented in their lack of support for his initiatives.

While providing funding is business's greatest deterrent, positive outcomes and retention can be expected when workers' life events are supported financially during leave. BCG's 2012 study of methods of enhancing women's leadership explains that the "culture of presence" and lack of workplace flexibility continues to limit women's ability to participate in their career while tending to the obligation to care for their dependents.<sup>1</sup> Public policy, changes in social attitudes, in conjunction with employers willing to differentiate themselves can help to improve the current diminished position of female labor supply in the United States.<sup>2</sup>

### **Public discourse**

From a federal perspective, Secretary of Labor Tom Perez has been driving the "Lead on Leave" campaign, hoping to appeal to constituents and lawmakers sense of national pride, and responsibility for the support of American families. Lisa Belkin's 2003 article "Opt out revolution" discusses some women's

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choice to leave, self-selecting out because they aren't being fulfilled in a business environment that rewards more typically male schedules and work behavior.<sup>13</sup> E.J. Graff offers a significant rebuttal to Belkin, stating that her case study (and the New York Times, over time) have chosen to focus on elite, white highly educated women, that represent a fraction of the working mother population.<sup>15</sup>

### **Voluntary Resignation**

In the HBR article "Off-Ramps and On-Ramps: Keeping Talented Women on the Road to Success", the authors discuss that despite high levels of education and achievement, 37% of highly qualified women report that they have left work voluntarily at some point in their careers. For those with children, that statistic rose to 43%.<sup>14</sup> The motivating factor for women's voluntary resignation is routinely the need to provide care for others, either for children or the elderly. These familial obligations are in sharp contrast to the reasons why men elect to depart: career switch, further training, or starting a new venture. While off-ramps are readily available to women who work, a return or on-ramp can be both challenging to find and costly – women lose an average of 18% of their earning power when they take an off-ramp. However, women who had coverage were more likely to return to the same job post-birth (80%) than those who did not have coverage (63%).<sup>10</sup> One environmental solution that could encourage and ease reentry is removing the stigma attached to flexible working arrangements, arrangements that are frequently required for women with young families.<sup>14</sup>

### **Why does paid leave makes sense for business?**

- The current model is outdated – the social and economic reality is that American households have evolved, from a sole-bread winner model to families with dual-income and shared parental obligations. Inflexible work arrangements provide only a limited role for returning women. In returning, parents weigh childcare costs versus new wages, new constraints vs. their previous availability, and this economic hardship is exacerbated by the lack of paid support during maternity leave.
- The case for increasing systemic support for women is clear. In a 2013 report by IFC/World Bank, women earn 55% of advanced degrees and now comprise at least 40% of the global workforce, The short term benefits of paid leave are increased attachment to the firm and an increase in retention rates, coupled with the long term reputational gains, attraction of talent, and higher levels of innovation.<sup>9</sup>

### **Best Practices**

Accenture now provides 16 weeks of paid maternity leave, doubling its previous offering.<sup>5</sup> Google also provides 18 weeks of paid maternity leave to mothers.<sup>3</sup> While Accenture and Google are industry leaders with more significant fungible assets and greater flexibility than small businesses, they understand the impact that paid leave has for their employee value proposition and ability to retain workers. Google observed 50% reduction in attrition of the eligible population after expanding their benefits.<sup>3</sup>

### **Conclusion**

Because paid leave is not mandated and extremely rare in the United States, there is a need to identify the variables in the domestic maternity leave equation. During an unpaid maternity leave, the risk and liability falls squarely on the shoulders of the new mother and her family. Women sacrifice immediate and future earning potential when they take an off-ramp from the workplace to care for a child. It is demonstrably more difficult to fund obligations and provide necessary goods when you have no active income. US lawmakers and employers, by their lack of action, speak volumes about the level of concern they have for women's participation and input in the labor market.

The funding of maternity leave is not an insignificant hurdle, especially for small business, but as more families continue to rely on dual incomes, the economic hardship of this maternal leave funding gap will be experienced by greater portions of the population, both men and women in the home. To elevate to the global standard, US lawmakers and employers will soon need to address their shortcomings and normalize this crucial financial support of women in the labor market.

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<http://mprp.itcilo.org/allegati/en/m6.pdf>
8. "Beyond Maternity and back to work: coping with childcare: Module 11" ILO 2012 report  
<http://mprp.itcilo.org/allegati/en/m11.pdf>
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## Further Readings

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### **Additional Resources**

- 25) [www.cepr.org](http://www.cepr.org) Center for Economic and Policy Research
- 26) [www.oecd.org](http://www.oecd.org) Organization for Economic Cooperation and Development
- 27) <http://hdr.undp.org/en/data> United Nations Development Programme: Human Development Reports
- 28) [www.pewresearch.org](http://www.pewresearch.org) Non-partisan, non-advocacy public fact tank.

### **Audio links**

1. Almost every country in the world offers more generous maternity leave than the U.S.  
Jan. 2015 <http://www.pbs.org/newshour/bb/u-s-support-paid-family-leave-one-pay/>
2. Conversation on gender disparities in human development  
<http://hdr.undp.org/en/content/conversation-gender-disparities-human-development>  
Soundcloud: <https://soundcloud.com/hdro-web/csw59-gender-disparities-in-human-development>  
Mar.18.2015