

Employers' Response to the 61-Week Parental Leave Extension



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As federal parental leave legislation evolves, employers have the opportunity to invest in innovative initiatives that set them apart from the competition. Despite the benefits of family-friendly policies, research finds few employers are progressive in their approach with internal policies and practices that supplement legislated parental leave.

Parental Leave Extension

In December 2017, the maximum length of parental leave was extended from 35 to 61 weeks (Government of Canada, 2019). As before, the longer leave can be taken entirely by either parent or shared between parents. When combined with maternity leave, the extension results in a maximum leave length of 18 months. The same guarantees apply and employers must hold a leave taker's previous job or offer one of equivalent responsibility and pay upon their return (Government of Canada, 2019).

If employees qualify, Employment Insurance (EI) is allocated differently per the length of leave selected by the parent. EI benefits pay 35 weeks of parental leave at 55% of employees' weekly salary to a maximum of \$562 a week (Government of Canada, 2019). Employees who take the 61-week leave receive 33% of their weekly salary to a maximum of \$337 per week (Government of Canada, 2019). Therefore, employees receive the same amount of EI, just spread out over the longer leave.

Employers may also go above and beyond legislation and offer benefits that support their employees' transition to parenthood. Some Canadian employers offer a top up, which pays the employee some or all the delta between EI payments and their normal salary. The amount and duration of top ups offered varies by employer, though less than 20 percent of Canadian employers offer this benefit (Marshall, 2010). Additional programs and policies can also be offered to support an employee while on leave or to smooth the transitions to and from leave.

Research Project

Given the legislative changes to parental leave and their potential impact on both employees and employers I launched a research project in the fall of 2018.

My goal was to explore Canadian employers' perception of the parental leave extension, its impact on employers and employees, and to understand how employers were adapting their internal policies to the new legislation.

Fifteen-minute telephone interviews with 46 employers were conducted between November of 2018 and August 2019. Employers were recruited by social media, cold calling, networking, and with the support of CPHR Alberta. Once all interviews were completed, thematic content analysis was conducted.

Employers

Employers in this study represented ten different industries, per the North American Industry Classification System (NAICS) (Statistics Canada, 2018).

Industry	# of Employers
Retail trade	3
Wholesale trade	3
Professional, scientific & technical services	4
Oil & gas extraction and services	20
Construction	3
Recreation	2
Health care	3
Educational services	4
Public administration	3
Transportation	1
Total	46

As data collection was centred in Alberta, the oil and gas industry represented 43% of the sample, but also included local, multi-province, and multi-nationals. Corporate headquarters for the employers in this sample were located in British Columbia, Alberta, Manitoba, and Ontario and employers ranged in size from 43 to 15,000 employees. The proportion of female employees ranged from 6 to 91%, with an average was 40% and varied by industry (from 25% in oil & gas to 60% in education). The vast majority of employers were in the private sector and just under half of the sample were unionized or partially unionized.

Parental Leave Use & Employer Policies

On average employers reported 43 leave takers in the last year, with a range from 0 to 500, and with women representing the vast majority of leave users. Though parental leave use was common in most employers, uptake of the extension, at the time of interviews, was not high, with only 6 employers citing multiple requests for the extension and 4 employers reporting a single extended leave request. Finally, only one employer perceived that the extension had increased sharing of leave between partners.

Of the 46 employers interviewed, 14 (30%) offered no benefits that supplemented the maternity, parental policy, or EI benefit. Employers were more likely to offer an EI top up for maternity leave than parental leave. Of those that offered top ups, 67% offered a top up for maternity leave and only 33% did so for parental leave. Top ups for maternity leave ranged from 100 percent of salary for the full 17 weeks to 67 percent for 4 weeks and from 100 percent for 1 week to 25 percent for 25 weeks for parental leave.

In addition to top ups, some employers offer parents additional benefits while on leave, though only 30 percent of this sample did so. Supplemental policies included on-boarding/off boarding programs, mentorship programs for the transition to parenthood, staggered return to work programs, prorated bonuses, maintaining company cell phone or computer, practices around access to company information for maintaining currency (if desired), or substantial financial support for those that expand their families by surrogacy or adoption. Employee health and dental benefits were also handled in a variety of ways, including continuing at employer's expense, employees taking over full premium costs, or continuing benefit cost sharing as usual. Employers' approaches to policy varied greatly, from mere legislative compliance to initiatives that promoted employee well-being and could be used for recruitment and retention purposes.

Key Findings

Perception of Leave Extension

Half of the companies interviewed felt that the extension would not greatly impact their organization, mainly because they had not, at that point, had anyone request the longer leave. Employers who either had a high proportion of female employees or those that offered supplemental policies were the employers that felt their organizations would be impacted by the extension.

Employers discussed their perceptions of how the extension might present both benefits and challenges for their employees. Employers acknowledged that the extension offered employees more flexibility, but felt that the drop in EI for the longer leave was likely to make it unaffordable for most employees, especially when top ups were unavailable. The primary concern for employees was the length of absence and how quickly organizations change. With changing technology, evolving platforms/systems, and restructuring or personnel changes, employees may feel as though they are returning to a new organization when returning from leave. Though many employers expressed these concerns, few offered onboarding/off-boarding programs to support employees in these transitions.

A number of benefits and challenges for employers emerging from the parental leave extension were also identified in the interviews. Employers felt that longer term positions might be more attractive to applicants and therefore easier to fill. In addition, when internally filling a longer leave, the employee's exposure to the role for a longer period would offer a greater developmental opportunity, than shorter leaves. The list of challenges for employers was longer and included backfilling concerns (especially for smaller employers), qualified term replacements for senior positions, the potential of back-to-back leaves, the length of employees' absence from the workforce given how quickly things change, and finally the possibility of facing additional costs resulting from longer leaves (e.g., top ups, benefits costs).

Employer Policy Adaptation

Employers cited 2 potential costs associated with longer leaves. First, depending on the employers' policies, employers could face extra costs in relation to health and dental benefits. For example, if employers offer to fully cover or share the cost of benefits while the employee is on leave, if the leave is extended the employer will face greater costs.

Second, as mentioned earlier, if employers top up parental leave, but do not have policies in place for extended leaves, they will absorb the larger delta between EI (i.e., from 55 percent to 33 percent) and percentage of the salary offered. Therefore, if the employer tops up an employee to 100% of their salary for 10 weeks, the employer will be paying 22 percent more during that period if the employee takes an 18-month leave.

Of the employers in this sample offering a top up, 66% planned to absorb this delta and of these employers, 78% reported that in their workplace women made up under 50% of their employees. The other 34% of employers who planned to spread out the top up, like EI, were employers who had a higher proportion of female employees; therefore, reducing their expense exposure. There was a sentiment that acknowledged absorbing the delta was fine if the extended leave was not widely used, but might require revision if uptake increased (due to costs). Several employers who were spreading out the top up, like EI, stated their rationale was based on fairness between employees. In other words,

employees taking a 61-week or 35-week leave would both get the same amount of money from the employer.

The Strategic Value of Family-Friendly Policies

With the potential cost identified, it is important to discuss the strategic benefits of offering policies that supplement parental leave. Only 4 of the 46 employers in this study offered extremely progressive policies and practices related to parental leave. The 4 organizations were in technology, wholesale, consulting, and oil and gas, and offered programs that vastly exceeded other employers. These employers offered on-boarding/off-boarding programs, specific training for managers, generous top ups, backup childcare, infant/parent care packages, financial support for employees who expand their families by surrogacy or adoption, and staggered/progressive return to work programs. These employers were clear that offering these policies gave them a strategic benefit in recruitment and retention, while also reflecting their organizational culture for which employee wellness was a cornerstone.

During interviews it became clear that there appeared to be a lack of awareness amongst employers of just how progressive some policies can be in the labour market. As employers compete for talent, especially as baby boomers retire, employers need to be sure to benchmark their policies and scan both their own industry, as well as other industries, for best practices. Simply maintaining the status quo, while competitors invest in policy innovation is a significant risk and can mean missing out on the associated benefits (i.e., employee engagement, recruitment, retention).

Extension Perpetuating Gendered Use of Leave

Roughly 90% of those who take leave in Canada are women (Statistics Canada, 2017) and as a result face stigma in the workplace. The extension, in this sample, does not appear to be increasing leave sharing between partners, which means that if women choose the longer leave, they will not only be the primary users of leave, but will also be gone for longer periods of time. This gendered usage, plus the longer absence may increase the stigma experienced by women.

Employer policies may unintentionally exacerbate this gendered usage with their internal leave policies. For example, less than half of the employers in this sample who top up maternity leave choose to top up parental leave. This discrepancy benefits mothers, while dissuading fathers from leave use due to loss of income. It should also be noted that topping up maternity leave, but not parental leave also indirectly discriminates against same-sex fathers and adoptive parents. Employers need to review policies to ensure they are neither gendered nor heterocentric.

Conclusion

Legislative changes can impact both employers and employees and understanding the ripple effects is important. Employees manage both their work and life demands, and for many employees this includes care responsibilities (child and/or elder care). Providing workplace policies and practices that support employees' balance of these demands reduces stress and turnover, increases employee engagement and

commitment, and builds a supportive organizational culture from which all employees benefit, while also facilitating recruitment. Employers should be proactive in developing strategic, innovative family-friendly policies to stay competitive in attracting the best talent and cultivating a culture of wellness. Finally, a thorough policy review should be undertaken at the employer level to ensure their family-friendly policies and practices are neither contributing to the gendered use of leave or disadvantaging particular employees.

Future Research

Parental Leave Extension Follow-Up & Shared Parental Benefit

I plan to repeat this study in 2022 to see if employer attitudes have shifted once they have had more experience with the extended leave. The follow up study will also include questions related to the Shared Parental Benefit policy, introduced in March 2019, which provides an additional 5 to 8 weeks of parental leave for fathers or other parent (Department of Finance, 2018).

Access the full article "Canadian Employers' Reaction and Policy Adaptation to the Extended, 61-Week Leave" and research briefs [Click Here](#)

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BIO: Rachael's primary research focus is organizational culture and gender in the workplace, with specific focus on policies surrounding employees' work-life demands. Recent projects have also explored fathers' parental leave use and newcomer employment. Rachael has 18 years of university teaching experience, is a public speaker, and regularly consults with industry.

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