WHAT IS DRIVING INEQUITABLE ACCESS TO PAID FAMILY AND MEDICAL LEAVE?

AN INDUSTRY PERSPECTIVE
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While the U.S. experienced a rush of voluntary corporate adoption of paid leave and medical leave (PFML) in 2015, not all sectors followed the trend.¹ Big technology and finance companies gained significant public attention as they expanded policies to provide up to one year of paid leave, but little changed for much of the workforce, particularly service industries. So what is driving the disparity? In 2018, Panorama talked with business owners and industry experts to understand why we see high uptake of PFML in some sectors but little movement in others.

The following information is a summary of interview findings. As such, it may not fully capture the perspective of all stakeholders. If you would like to learn more about this research or discuss our findings, please email paidleave@panoramaglobal.org.

Panorama is an action tank working to solve global problems through audacious thinking and bold action. Since our launch in 2016, a cornerstone of Panorama’s work has focused on advancing solutions for a changing U.S. workforce. We seek to understand the incentives and barriers to corporate adoption of paid family and medical leave policies, and to provide tools, resources, and knowledge that allow employers to make strategic decisions for both their workers and their bottom lines. By fostering meaningful exchange among change makers, Panorama has developed a unique position as a trusted ally for businesses looking to launch or expand worker-centric programs.

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.
RESTAURANTS

Accounting for one of the biggest workforce segments in the U.S., less than one in every ten food services employees has access to paid leave. While an estimated 16% of all private sector employees have PFML, that number is cut in half when looking at the food services industry (8%). Only 6% when looking at part-time workers. As one of the lowest paid workforces, the disparity in access to PFML also highlights a significant gap for Americans who most often need the financial support and security.

Restaurant operations and culture may not be open to progressive workplace policies. The business model of many restaurants makes offering paid leave harder than models from other industries. Restaurants typically have tight margins with little surplus to expand workplace benefits. Additionally, an engrained reluctance to change within the industry results in few restaurateurs expanding benefits to part-time or temporary staff.

Other workforce benefits, like fair wages and healthcare, take precedent. While employers in the food services industry are offering benefits that attract talented employees and enhance recruitment, PFML is typically not the first offering. Instead, as a means of remaining competitive within the industry, most restaurants focus on increasing wages and access to healthcare.

Restaurants require all hands on deck and are not equipped for absences. Especially in small operations, service can suffer, and in extreme cases, restaurants may be forced to close for a shift if employees are absent. Even when absences are planned in advance, some owners cannot afford to hire additional staff to fill in for absent employees, which means other employees will need to take on more responsibility.

Not all employees have access to paid leave, but some do... While most restaurants don't have formal policies, employers will make exceptions for some employees, especially for positions that are harder to cover, such as a General Manager or a Chef. However, exceptions may be more common when restaurateurs have personal experience utilizing PFML.
HOSPITALS

Healthcare faces a unique dilemma. While societal health and wellbeing are fundamental values of the field, the ways in which hospitals operate makes offering PFML to employees difficult.

The direct relationship between employees and caregiving is challenging to navigate: How can employers care for their employees while maintaining quality of care for their patients?

Complex hospital operations determine how benefits are distributed. Individual hospitals are often part of larger healthcare systems that frequently undergo mergers or structural changes. Given that hospitals typically do not have the same benefits policies and administrative systems, mergers can create confusion about how benefits are carried over from old systems and whether policies that don’t exist under the new structure should be maintained or restricted for new employees.

Tight profit margins and funding challenges are often a key barrier. Regardless of ability to pay, hospitals must provide patient care in an emergency, putting financial pressure on many health systems. The corporate return on investment for PFML is difficult to demonstrate, but can motivate healthcare employers when there is a clear return on investment through employee retention and recruitment.

Offering time off to employees for caregiving might risk the quality of care for patients. The healthcare field is legally-mandated to meet specific provider-to-patient staffing requirements for specific types of providers, including nurses. A 2016 study found that paid leave absences among nurses had detrimental effects on hospital care, and led to a 13% increase in nursing home mortality³.
TECHNOLOGY

The tech sector has been touted as a leader in driving policy adoption and expansion in recent years. Taking an in-depth look at this, Panorama investigated PFML benefits within big companies and examined how their experiences differ from smaller tech start-ups.
Offering a competitive benefits package is a strategic recruiting tool that attracts top talent. To job seekers, generous PFML packages help differentiate companies from their competitors, and allow companies to recruit top talent and support diversity, equity, and inclusion hiring. These benefits are increasingly important in recruitment efforts, as tech is competing for talent within the industry and across other leading fields.

Data analytics and proven cost savings are a big driver in policy adoption. Many large tech employers with generous PFML policies use data analytics to understand that PFML is good for business when considering costs associated with absence management and trying to foster a high-performance culture.

While tech is leading in policy, there is a gap in practice. Despite setting a gold standard for policies across the U.S. workforce, many Silicon Valley employees say it can be challenging to actually use the generous leave that may be offered. Unsupportive cultures and inconsistent messaging contribute to significant access and use barriers.
START UPS AND VENTURE CAPITAL

Venture capitalists significantly influence start-up benefits. As advisors and early stage-investors, venture capitalists look to invest in companies similar to their other investments and other successful start-ups. Often these are male-dominated companies without progressive leave policies, which leaves little room for start-up norms to evolve.

Starts-up are often too new to focus on workplace benefits, and employees are not prioritizing them. Early stage start-ups face resource challenges and founders must strategically use their limited funds to sustain operations and prioritize product development, while also seeking additional funding to grow as a company. Employees who seek out start-up companies are typically more interested in being part of a fast-paced and growing company than they are in a comprehensive benefits package, so there is little employee demand for progressive policies.

Leaders can shape company culture and practices to prioritize PFML, but it takes a concerted effort. Start-up founders reported the best way to establish company culture was to define its values from the start. By being “loud” about workplace values, founders attract investors that share their vision (like B Corporations), though this often limits the pool of resources available. If a start-up’s mission is linked with empowerment, health, or workplace support, companies are more likely to embody their values through the benefits they offer.
DOES GEOGRAPHY DETERMINE WHETHER YOU HAVE ACCESS TO PMFL?

The industry you work in has a big influence on whether you have paid leave, but where you live can also play a role in access to progressive workplace policies. PFML is commonly used as a recruiting tool for companies in thriving local economies.

However, quickly growing cities that may have more progressive policies can also burden companies that may already be struggling to offer paid leave. Many of the booming U.S. cities are looking to update their laws to support the growth in workforce, with big trends around sick leave laws and minimum wage regulations. These help pave the way for paid leave, but back-to-back mandates add financial and regulatory burdens on companies that financially struggle to keep up with compliance. While employees can benefit from growing and shifting environments, local regulators and companies must create balanced and sustainable policies.
IMPROVING ACCESS TO PAID LEAVE: RECOMMENDATIONS

Recognize incentives and barriers to paid leave adoption are different for each business. Offering PFML at a large tech company and a small family-owned restaurant present very different challenges. Policymakers and advocates must acknowledge these differences, and help create innovative and tailored models that work for companies across industries and company sizes.

Consider looking at PFML access by workforce, rather than by type of company. Advocates can learn more about sustainable workforce models if they examine levels and types of work within industries.

Do not be satisfied with the adoption of a policy – demand equitable use! While more companies are adopting or expanding their policies, utilization rates remain low and are not equally accessible across workforces. Neither employees nor employers will see the benefits of a policy unless there is high uptake. In addition to providing support for developing these policies, advocates must help companies understand how to foster supportive cultures that allow their employees to utilize policies without access and use barriers.

While our research outlines some persistent barriers to PFML adoption in restaurants, hospitals, and tech, it also highlights an opportunity to act. These cross-cutting trends should be used by company leaders, policy makers, and paid leave stakeholders to better support the private sector in the sustainable adoption of progressive policies that works both for employees and for the bottom line.

SOURCES