

Fathers, your time off is past its due date ^[1]

The economic case for paternity leave is compelling

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EXCERPTS

It's 2018 and much of the world is still trying to justify why fathers matter.

The U.S. doesn't federally mandate parental leave of any sort, bracketing it with countries such as Suriname and Papua New Guinea. Large swaths of Asia including India and China have policies only for maternity leave. New Zealand is the sole country with a primary caregiver policy that applies to mothers and fathers.

Ironically, even when time-off policies for fathers are in place, they may mean little in practice. Japan and South Korea, both deeply patriarchal societies, stipulate some of the lengthiest periods for parental leave. Fathers in Japan are entitled to 52 weeks of benefits covering around 60 percent of average gross earnings, the most generous among countries in the Organisation for Economic Cooperation and Development. However, only about 2 to 3 percent of new fathers take up the entitlement.

Wage Ceilings

[Infographic available to view online, a map indicates "The maximum wages to which fathers on paternity leave are entitled" by country. Source is WORLD Policy Analysis Centre]

Deep-seated views of who should work and misguided information about parental roles mitigate against the effectiveness of such policies. A banker in Japan sued his employer, Mitsubishi UFJ Morgan Stanley Securities Co., claiming he was denied leave as a single parent and suffered harassment. The brokerage fired him earlier this year and the case has yet to be resolved.

South Korea isn't far behind Japan in terms of days and compensation available. But the country's public expenditure on maternity and paternity leave per child is less than \$5,000, below the OECD average and half the \$10,000 that Japan spends, indicating minimal take-up of benefits.

Beyond these barriers, companies often justify stingy policies by saying the cost of paternity leave is too high and could lead them to cut jobs.

The real question is what the cost would be of replacing that employee, says Professor Jody Heymann of UCLA's Fielding School of Public Health and WORLD Policy Analysis Center. For the average company, the reality is that paid leave would be cheaper.

Factoring in the time, money and other resources spent, total replacement costs can reach 90 percent to 200 percent of an employee's annual salary, according to Josh Levs, author of "All In: How Our Work-First Culture Fails Dads, Families and Businesses and How We Can

Fix It Together.” Paid leave is highly correlated with retention of employees, which reduces expenses and boosts profits, Levs says.

Paid Family Leave

[Infographic available to view online indicates "Maternity and paternity entitlements available to parents by country". Source is WORLD Policy Analysis Centre]

Since cost is a big part of the calculus, who foots the bill? Across the world, paid leave has mostly been covered by social insurance systems — either fully or partially, with contributions from employers and employees. Such systems can be affordable for all businesses if they contribute a small percentage of payroll, the WORLD Policy Analysis Center has found. So even small companies, which often have the most to lose, can benefit.

In Japan and South Korea, businesses with fewer than five workers can opt out of parental benefit insurance programs, the only OECD members where such exemptions apply. Still, voluntary insurance plans are available.

The U.S. mandated 12 weeks of unpaid leave under the Family and Medical Leave Act that came into effect in the early 1990s. This year, some multinational American companies that previously followed local laws have started offering global maternity leave policies of as long as 20 weeks. But on paternity leave, they continue to adhere to local practices. In Hong Kong, for instance, fathers are entitled to three days off with pay at 80 percent of daily salary — which says a lot about how their role is viewed.

Besides the advantage of retaining employees, there's evidence that paternity leave can also help to close the gender pay gap. A mother's earnings rise by about 7 percent for each additional month of her spouse takes off work, according to a study by Sweden's Institute for Labour Market Policy Evaluation.

Father Benefits

[Bar graph showing, "Paid paternity leave by income groups" available to view online. Source is WORLD Policy Analysis Centre]

Consider this: If a bigger salary means a higher replacement cost, wouldn't it make sense for companies to increase paternity leave coverage? Meanwhile, the reluctance of fathers to take leave — which research shows increases the more they earn relative to their spouses — helps to perpetuate the pay gap.

Childbirth is the one cause of employee absence that companies can plan for, yet paternity leave remains a low priority despite a persuasive economic case. It's an idea that's had long enough to gestate.

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