

Do Parental Leave Policies Affect Employee Engagement at Firms in the United States?

by
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Abstract

The concept of employee engagement is relatively new and has become an important theme in business management as research has shown that employee engagement drives productivity and bottom-line results. Much of the employee engagement concept remains unexplored due to its recent appearance and rapid growth in current research. Additionally, many employee engagement surveys used by consulting firms are proprietary and are therefore difficult to compare. As employee engagement is increasingly measured and used in firms, it is critical to understand its drivers and its application across countries. Existing research has linked work-hour flexibility to increased retention and work-life balance, and thus decreased work-family conflict. However, there is a lack of evidence to link parental leave, an aspect of work-family balance, to employee engagement. This study investigates the relationship between the length or pay of parental leave and employee engagement for employees at firms in the United States using a combination of secondary research and survey data. The implications of a connection between parental leave and employee engagement could provide motivation for firms in the United States to extend their parental leave offerings.

Key words: Parental leave, maternity leave, paternity leave, employee engagement, work-life conflict

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1. Introduction

Parental leave is an increasingly important topic in corporate America as more women enter the workforce and the number of dual breadwinner households increases. In 2014, women made up nearly half (46.8%) of the American workforce, and more than 70% of women with children under age 18 were in the workforce (A Better Balance, 2013). Parental leave, which is an employee benefit enabling employees to take time away from work to care for newborn or newly adopted children, can be a determining factor when employees decide between job opportunities. Managers report that a competitive compensation package, which can include flexible work schedules and parental leave, is especially important for retaining productive workers who are at risk of receiving competing offers of employment from other firms (Executive Office of the President Council of Economic Advisers, 2010). Compared to the rest of the world, American parental leave lags significantly. The US and Papua New Guinea are the only two countries in the world that do not offer any paid maternity leave (International Labour Office, 2014). Additionally, the US is the only member nation of the Organization for Economic Cooperation and Development that does not require companies to provide paid maternity leave (OECD, 2015). Under the Family and Medical Leave Act, US companies with more than 50 employees must offer 12 weeks of unpaid maternity leave. 12 weeks is the shortest required maternity leave among the top 41 economies in the world (International Labour Office, 2014). Furthermore, the International Labor Organization states that countries should require a minimum of 14 weeks of maternity leave, during which employees should receive at least two thirds of their salary. The US is the only developed country that does not meet either of these standards (International Labour Office, 2014).

Contemporarily, employee engagement is an increasingly significant topic in corporate America and the ability to engage employees is becoming seen as a necessity for successful corporations. Recent research has revealed that employee engagement, which is the extent to which employees invest themselves physically, cognitively, and emotionally at work, drives productivity and bottom-line results (Harter, Schmidt, & Hayes, 2002). In order to remain competitive, it is important for corporations to understand what drives employee engagement. Existing research has identified a wide variety of drivers of employee engagement, including job autonomy, positive social climate, job complexity, organizational politics, work-hour flexibility and increased employee work-life balance (Crawford, Lepine, & Rich, 2010; May, Gilson, & Harter, 2004). However, there is currently a lack of evidence to support whether the type of parental leave offered has an effect on employee engagement in the company.

This paper addresses the gap by studying parental leave options and employee engagement in the United States. Specifically, the study explores the question of whether companies that offer parental leave beyond the legal requirement have more engaged employees. Additionally, this study looks at whether companies that offer parental leave beyond the legal requirement in pay have more engaged employees and whether companies that offer parental leave beyond the legal requirement in length have more engaged employees. The research questions are as follows:

1. Do companies that offer parental leave beyond the legal requirement have more engaged employees?
 - a. Do companies that offer parental leave beyond the legal requirement in length have more engaged employees?
 - b. Do companies that offer parental leave beyond the legal requirement in pay have more engaged employees?

In practice, parental leave policies can go beyond the legal requirement in both pay and length. This study explores the link between parental leave policies and employee engagement by analyzing the number of paid and unpaid weeks of parental leave offered to employees of companies on several rankings of best places to work in the United States. Using the rank as an indication of the level of employee engagement at each company on the list, this study examines whether length or pay of parental leave are drivers of employee engagement.

The results of this study contribute to filling the gaps surrounding drivers of employee engagement. It is of interest to all corporate management and employees. In order to convince employers or the US Government to require parental leave that is comparable to parental leave in the rest of the developed world, there must be proven economic and social benefits for employers. This study seeks to determine whether parental leave is a driver of employee engagement and as such, a reason for companies to offer improved parental leave. Thus, this study has implications for employee engagement for corporations worldwide, which in turn has implications for productivity and bottom-line success for corporations worldwide. Therefore, corporations that understand and implement drivers of employee engagement will be at an advantage over corporations that have low levels of employee engagement. This paper next discusses the current literature on this topic, followed by the methodology, results, and discussion of this study.

2. Literature Review

Within the past two decades, employee engagement has become an important area of research for psychology and management. There are numerous studies in literature that link various job attributes to employee engagement and that further link employee engagement to

productivity (Crawford et al., 2010; Harter et al., 2002). However, there are very few studies that link parental leave to employee engagement or that examine the effect of various types of parental leave on employee engagement. The first section of this literature review discusses the current literature regarding the impact of employee engagement on organizational performance. The second section reviews the current literature concerning the outcomes of work-life flexibility on organizational performance. The third section examines the current literature about the results of parental leave experienced by an organization. Finally, the last section analyzes the limitations in existing literature and describes how this study contributes to the gap in literature.

2.1. The Impact of Employee Engagement on Organizational Performance

Most of the literature involving employee engagement relates engagement to productivity. The relationship between the two is one of the strongest arguments cited as a reason for organizations to seriously consider how to raise their employee engagement levels. The most commonly cited definition of employee engagement is the extent to which individuals invest themselves physically, cognitively, and emotionally at work (Kahn, 1990). Existing literature suggests that the highest levels of employee engagement are a result of facing meaningful challenges at work while also having the support, resources, and confidence needed to address those challenges (Crawford et al., 2010; May et al., 2004). A number of studies have found links between employee engagement and productivity. For example, a study by Harter et al. in 2002 found that employee engagement is empirically linked to unit-level financial performance, productivity, and turnover. Additional studies empirically linked employee engagement to individual job performance and organizational citizenship behaviors, such as going above and beyond job duties for the good of colleagues and the organization (Bakker, Demerouti, & Ten Brummelhuis, 2012; Rich, Lepine, & Crawford, 2010).

Further research has demonstrated a relationship between job demands, job resources, and employee engagement. A study by Crawford et al. (2010) reviewed the relationships between job demands and resources, and engagement using meta-analytic structural modeling. The study defined job demands as physical, social, or organizational aspects of the job that require sustained physical or mental effort and are therefore associated with certain psychological costs. Demands include aspects like workload, time pressure, and difficult physical environments. Job resources were defined as aspects of the job that are functional in achieving work goals, stimulate personal growth and development, and reduce job demands and their associated physiological and psychological costs. Resources include aspects such as job control, opportunities for development, participation in decision making, task variety, feedback, and work social support.

The study by Crawford et al. (2010) found that demands and burnout were positively associated, whereas resources and burnout were negatively associated. Additionally, whereas relationships among resources and engagement were consistently positive, relationships among demands and engagement were highly dependent on the nature of the demand. Demands that employees tend to appraise as hindrances were negatively associated with engagement, and demands that employees tend to appraise as challenges were positively associated with engagement. Job resources were found to have a direct positive relationship with engagement. Job resources activated a motivational process whereby perceived resources that are instrumental in achieving work goals could also foster employees' growth, learning, and development; satisfy needs for autonomy and competence; and increase willingness to dedicate one's efforts and abilities to the work task (Crawford et al., 2010). Thus, job resources increase the degree to which individuals are willing to invest themselves into their job performances.

A study by Breevaart et al. (2014) studied the effect of various styles of leadership on employee engagement and productivity by using a daily diary study design. The study found that transformational leadership, which involves motivating followers to perform beyond expectations, and the use of contingent rewards, which are incentives received by followers after the accomplishment of their tasks, are positively related to employees' daily autonomy because they enable employees to approach problems from different perspectives (Breevaart et al., 2014). Further, autonomy contributes to employee engagement and the achievement of working goals because it empowers employees to perform their work in the most efficient way.

Existing research has thoroughly proven that employee engagement leads to increased productivity and the achievement of working goals. It has also shown that perceived job resources and employee autonomy contribute to improved employee engagement. The existing studies on employee engagement use various methods to better understand different aspects of employee engagement. However, a gap remains regarding the impact of specific job resources or types of workplace autonomy, like parental leave, on employee engagement.

2.2. The Outcomes of Work–Life Flexibility on Organizational Performance

Recent research has shown that flexibility (or schedule control) and support are key work resources that can reduce work-family conflict (Kelly et al., 2014). Research on flexible work schedules in the United States has increased significantly over the past half century as a result of dramatic changes in American society. For example, women have entered the labor force and families have increasingly relied on more than one earner, leading to conflicts between work and personal lives that create a need and desire for more flexibility in the workplace (A Better Balance, 2013). A flexible work schedule is an alternative to the traditional 9 to 5, 40-hour work

week. It allows employees to vary their arrival and/or departure times and is a matter of agreement between the employer and the employee.

Flexible work schedules have been linked to improvements in employee health and work/life balance. A study conducted by researchers at the University of Minnesota found that a workplace intervention to allow employees greater control over their work time resulted in employees being less likely to say that they felt obliged to come to work when they were sick, or to not see a doctor even though they felt they should. The intervention also resulted in improved sleep quality, increased energy, and reduced psychological stress among employees (Hill, Tranby, Kelly, & Moen, 2013).

A study by the Society for Human Resources Management found that 2/3 of surveyed human resource professionals agreed that the quality of employees' personal/family life is positively affected as a result of implementing flexible work arrangements (Society for Human Resource Management, 2009). The Society for Human Resources Management study also found that flexible work schedules give employees greater control over where and when work gets done and over how much time they choose to work, creating greater opportunities for employees to be able to enjoy an optimal balance between work and life responsibilities. The overwhelming majority of HR professionals surveyed in the study believed that implementation of formal flexible work arrangements had a positive impact on employee morale and retention of employees (2009). Moreover, when successfully implemented, flexible work-hours can attract talent, increase diversity, increase job satisfaction, increase loyalty, increase social responsibility, and reduce stress in the workplace (Society for Human Resource Management, 2009).

Multiple studies have shown that flexible work schedules can reduce absenteeism, lower turnover, improve the health of workers, and increase productivity (A Better Balance, 2010;

Society for Human Resource Management, 2009). One study found that employees with access to flexible work schedules tend to have higher job satisfaction and appear more likely to work hard to help their employers succeed (A Better Balance, 2010). Employees with work-hour flexibility are also likely to be highly engaged and to feel they have a stake in their organization. Flexibility also reduces stress, the leading cause of unscheduled absences and a factor in high turnover, which costs U.S. companies about \$300 billion per year in lost productivity and increased healthcare and replacement expenses (A Better Balance, 2010).

A study by Richman et al. (2008) found that perceived flexibility and supportive work-life policies were related to greater employee engagement and longer than expected retention. Employees who worked for organizations that offered family-friendly policies had higher levels of organizational commitment and lower intentions to leave, regardless of the extent to which they might personally benefit from the policies (Richman, Civian, Shannon, Hill, & Brennan, 2008).

Existing research has thoroughly proven that workplace flexibility benefits both employees and employers in numerous ways, including increased employee engagement, retention, and productivity. However, none of the existing studies have addressed parental leave as a facet of workplace flexibility and as a possible opportunity to mitigate of work-family conflict or further improve employee engagement, retention, and productivity.

2.3. The Results of Parental Leave in an Organization

The majority of existing research related to parental leave focuses on the health benefits for mothers and children. However, some research relates parental leave to economic benefits for employers. For example, companies that offer parental leave have found that workers experience a stronger sense of control and less stress, and are more efficient, engaged, and productive at

work when they are able to devote more time and attention to their home lives (Friedman, 2012). Workers feel greater loyalty and commitment to their organizations, which reduces employee turnover. Studies have also shown that family-friendly workplace policies like paid leave can attract top talent, since many workers weigh these policies when choosing among different job prospects (A Better Balance, 2013).

Paid leave can especially improve retention of female employees. Women who take paid leave after a child's birth are more likely to be employed 9-12 months after the child's birth than women who take no leave (Houser & Vartanian, 2012). Of mothers who worked during their first pregnancy and returned to work within one year of the baby's birth, 80% went back to the same employer (Laughlin, 2011). Higher retention rates also lead to savings on unemployment insurance, temporary staffing costs, searching and interviewing costs, and training costs for new workers (Allen, Bryant, & Vardaman, 2010). Additionally, higher retention rates reduce the indirect costs that result from lost productivity leading up to and after employee departures, diminished output as new workers begin, reduced morale, and lost institutional knowledge (Hausknecht & Holwerda, 2013).

Many leaders in the business community have publicly recognized the importance of parental leave and the numerous benefits that parental leave can offer to both companies and their employees. In September 2015, 203 business school faculty members wrote a letter to the United States Congress in support of paid family and medical leave ("Letter to Congress," 2015). The signees cited sound business practices, data from other countries, their own research, and their experiences teaching the business leaders of tomorrow as reasons for the United States to adopt a national paid family and medical leave policy. Although the existing research on the economic

effects of parental leave is slim, it is clearly becoming a very relevant topic that must be further explored to contribute to the discussion surrounding parental leave in the United States.

2.4. Conclusion

The existing employee engagement studies have left several gaps in the literature. For example, current research on employee engagement focuses almost exclusively on its effect on productivity. Existing literature points to the theme that employee engagement leads to variations in the level of productivity in companies. Current literature also demonstrates several drivers of employee engagement, including job demands, job resources, and job autonomy. However, it does not explore the impact of specific drivers like parental leave on employee engagement, leaving a large gap in the literature. The literature concerning workplace flexibility focuses on the effects of the changing American society on work-life needs. Multiple studies demonstrate the plentiful positive outcomes companies experience when they offer flexible work arrangements. However, existing literature tends to exclude parental leave in its discussion of workplace flexibility rather than address parental leave as an aspect of workplace flexibility and as a vital part of work-life balance. Even the literature on parental leave concentrates more on the health benefits families experience when given parental leave, rather than on any economic or social benefits experienced by employers. Overall, the existing literature does not observe how parental leave affects work-life balance, nor how parental leave directly affects employee engagement.

Given the current gaps identified in the literature, this study contributes to the existing research by examining parental leave as a job resource and as an aspect of workplace flexibility that could potentially drive employee engagement. Rather than focusing on the relationship between employee engagement and productivity, this research analyzes the relationship between

employee engagement and parental leave policies. This research will also identify the aspects of parental leave that lead to the highest levels of employee engagement. The results of this research will be significant to any firm that measures employee engagement because such firms strive for the highest levels of employee engagement in order to increase employee satisfaction, retention rates, and productivity.

3. Methodology

3.1. Hypothesis Statement

Existing literature provides evidence that there is a relationship between work-life balance and employee engagement. Companies that emphasize work-life balance through policies like flexible work hours have seen increased employee engagement and decreased employee turnover (Richman et al., 2008). Prior research has shown that job resources such as job control, opportunities for development, and work social support are positively related to employee engagement. Job resources have been found to be instrumental in achieving work goals by fostering employees' growth, learning, and development; satisfying needs for autonomy and competence; and increasing willingness to dedicate one's efforts and abilities to the work task (Crawford et al., 2010). Based on this existing knowledge, employees likely view parental leave as a job resource and as an aspect of work-life flexibility that provides them with increased job control and autonomy, which have been shown to enhance employee engagement. This leads to my hypothesis.

Hypothesis: Companies that offer parental leave beyond the legal requirement have more engaged employees

Next, the data and variables analyzed in this study are discussed.

3.2. Data and Variables

In order to carry out this study, both parental leave data and employee engagement data were required for the same US companies. Since these are both types of data that companies typically do not publish, the data was collected from several sources. Due to data limitations on paternal leave, the focus of this study is on maternity leave data, which was collected from an existing crowdsourced maternity leave database (Appendix A). The maternity leave database provided the number of paid weeks of maternity leave and the number of unpaid weeks of maternity leave offered by numerous companies.

For the employee engagement data, three respected rankings of the best employers in the United States were used as a proxy for the engagement of the employees. The rankings were the Fortune 100 Best Companies to Work For list, Forbes' America's Best Employers list, and Glassdoor's Best Places to Work list (Appendix A). The rank of the company on the list served as an indicator of the level of engagement of its employees, based on the assumption that employees were more highly engaged at the top ranked companies. All three rankings were created to honor the organizations that provide their employees with the best work environment and benefits. It is therefore reasonable to assume that the employees of the organizations on the list are highly engaged due to the accommodating work environment and resources provided by their employers. It also follows that the level of engagement experienced by the organization's employees decreases as the rank drops because the quality of the work environment and the number of benefits decreases with each successive rank. The companies on the lists were cross-referenced with the maternity leave database to create the dataset. Not all companies on the rankings lists had available maternity leave information in the database, so those companies were removed from the lists. Each list was studied independently. The Fortune 100 Best Companies to

Work For sample included 48 companies, which are listed in Appendix B; the Forbes America’s Best Employers sample included 40 companies, which are listed in Appendix C; and the Glassdoor Best Places to Work sample included 25 companies, which are listed in Appendix D. Table 1 displays each variable and the statistical test used to analyze it.

Table 1. Variables and Corresponding Statistical Tests

Type of Variable	Variable	Statistical Test
Dependent Variable	Employee engagement rank	
Independent Variable	Maternity leave beyond the legal requirement	Two sample t-test
	Number of paid weeks of maternity leave beyond the legal requirement	Simple linear regression
	Number of weeks of maternity leave beyond the legal requirement of 12 weeks	Simple linear regression

Employee Engagement Rank

The rank of the company on the list was the dependent variable, which acted as a proxy for employee engagement. Companies higher on the list were assumed to have more engaged employees than companies lower on the list because the quality of the work environment and the employee benefits that contribute to employee engagement decrease with each successive rank.

Maternity Leave Beyond the Legal Requirement

The second variable was whether or not the company offered maternity leave beyond the 12 weeks of unpaid maternity leave required by the US Government. The data was coded as 1 or 0. Companies that offered any paid maternity leave, more than 12 weeks of maternity leave, or both were coded as 1 while companies that only offered the federal maternity leave requirement of 12 unpaid weeks were coded as 0.

Number of Paid Weeks of Maternity Leave Beyond the Legal Requirement

The third variable was the number of paid weeks of maternity leave that the company offered beyond the legal requirement. Since 0 weeks of paid maternity leave are legally required by the US Government, any week of paid maternity leave offered by a company was beyond the legal requirement.

Number of Weeks of Maternity Leave Beyond the Legal Requirement of 12

The final variable was the number of weeks of maternity leave that the company offered beyond the legal requirement of 12 weeks. This number was calculated by adding the number of paid and unpaid weeks of maternity leave offered by the company and then subtracting 12 weeks.

Tables 2 show the descriptive statistics for the data relating to companies on the Fortune 100 Best Companies to Work For list, Forbes America's Best Employers list, and Glassdoor Best Places to Work list. On all three lists, the vast majority of the companies provided maternity leave beyond the legally required 12 unpaid weeks, whether in pay or length. Additionally, the average number of weeks of paid maternity leave was about double the average number of additional weeks of maternity leave beyond 12 weeks provided by the companies on all three lists.

Table 2. Descriptive Statistics for Each List

		Employee Engagement Rank	Maternity leave beyond the legal requirement 1=Yes 0=No	Number of weeks of paid maternity leave beyond the legal requirement	Number of weeks of maternity leave beyond the legal requirement of 12 weeks
Fortune 100 Best Companies to Work For List	Minimum	1	0	0	0
	Maximum	100	1	26	20
	Mean	54.04	0.92	9.31	3.56
	Standard Deviation	30.67	0.28	6.02	5.44
Forbes America's Best Employers List	Minimum	1	0	0	0
	Maximum	100	1	19	18
	Mean	46.40	0.85	7.18	3.03
	Standard Deviation	31.30	0.36	4.92	5.52
Glassdoor's Best Places to Work List	Minimum	1	0	0	0
	Maximum	49	1	26	28
	Mean	23.44	0.92	11.84	6.48
	Standard Deviation	15.06	0.28	6.36	8.03

3.3 Method of Analysis

Two types of statistical tests were used to analyze the variables. First, a two-sample t-test assuming unequal variances was used to analyze the general relationship between the employee

engagement rank and maternity leave beyond the legal requirement. This test was designed to determine if there were differences in employee engagement ranks between those companies that only offered the legal maternity leave requirement and those companies that offered maternity leave beyond the legal requirement, without differentiating between paid maternity leave and extra maternity leave. The two-sample t-test accomplishes this analysis by comparing whether two groups have different average values. In this case, the two groups were the companies that offered additional maternity leave beyond the legal requirement of 12 unpaid weeks and the companies that did not. The two-sample t-test was used to determine if there was a difference in the mean employee engagement rank of the two groups. The null hypothesis is that the mean employee engagement rank of the two groups is the same. Since the ranking lists were independent of each other, this study required three separate two-sample t-tests to analyze each of the three ranking lists and then the three tests were studied to identify patterns.

The second type of statistical test used for this study was a simple linear regression using least squares fitting criteria to determine the functional dependency between two variables. For this analysis, a simple linear regression was used to delve deeper into the relationship between maternity leave and employee engagement by analyzing the magnitude of the relationship between a specific aspect of maternity leave and the employee engagement rank. The first simple linear regression analyzed the relationship between the number of paid weeks of maternity leave beyond the legal requirement and the employee engagement rank. This test was performed for each of the three separate employee engagement rankings. The second simple linear regression analyzed the relationship between the number of weeks of maternity leave beyond the legal requirement of 12 weeks and the employee engagement rank. This test was also performed for each of the three separate employee engagement rankings.

3.4 Appropriateness of Methodology

This study required a quantitative methodology because the data was numerical and was collected from several sources. The two-sample t-test was appropriate for analyzing the first independent variable because it was necessary to examine the difference between the employee engagement ranks of the two groups the companies were divided into: maternity leave beyond the legal requirement and maternity leave at the legal requirement. A simple linear regression was appropriate for analyzing the relationship between the number of paid weeks of maternity leave beyond the legal requirement and the employee engagement rank because regressions are used to describe the relationship between one independent variable and one dependent variable. A simple linear regression was appropriate for analyzing the relationship between the number of weeks of maternity leave beyond the legal requirement of 12 weeks and the employee engagement rank for the same reason.

The largest assumption made for this methodology was that the rank of the companies on the Fortune 100 Best Companies to Work For, Forbes America's Best Employers, and Glassdoor Best Places to Work lists reflect the engagement of the employees at the companies. This assumption was made because all of the rankings were created to highlight the companies that provide the best work environment for their employees. As such, it is natural to assume that the employees at these companies are highly engaged based on the numerous workplace benefits and resources provided by the companies. It was also assumed that the better the rank of the company, the more engaged its employees are because the best ranked companies offer the most job resources for their employees, which is reflected in their ranking on the lists. A possible limitation is that the differences in the levels of engagement between the companies on the lists may be small given that they are all listed as best places to work.

A major limitation of this study was that complete parental leave data for all of the companies on all of the lists was unobtainable within the scope of this project. Instead, the scope was narrowed to only include maternity leave data, which was obtained from a crowdsourced database. As such, it cannot be verified that the maternity leave data is 100% accurate. However, when users report conflicting information, the database shows consensus numbers or the median. Due to this methodology of data collection, the database is assumed to be dependable. A full explanation of the maternity leave database methodology is available in Appendix H.

Another limitation of this methodology was the absence of data regarding factors other than maternity leave that each company offers its employees. Additional job resources, size of the company, industry, and corporate culture are examples of other factors that could be influencing employee engagement.

4. Results and Analysis

This section presents and analyzes the results of the study's statistical tests.

4.1 Differences in Employee Engagement Rank between Companies that Offer Maternity Leave beyond the Legal Requirement and Companies That Do Not Offer Maternity Leave beyond the Legal Requirement

The results of the two-sample t-test demonstrated that there is no difference in the average employee engagement rank of the companies that offered additional maternity leave beyond the legal requirement and the companies that did not, on any of the three lists. The results of the t-test for each of the lists are displayed in Tables 3. The p-value for each t-test is greater than .05, which signifies that the null hypothesis that the mean employee engagement rank is the same cannot be rejected.

Table 3. Results of the t-test for Each List

		Company Offers Maternity Leave Beyond the Legal Requirement	Company Does Not Offer Maternity Leave Beyond the Legal Requirement
Fortune 100 Best Companies to Work For List	Mean	53.59	59
	Variance	937.97	1255.33
	Observations	44	4
	t Stat	-0.2955	
	P(T<=t) two-tail	0.7869	
Forbes America's Best Employers List	Mean	46.21	47.5
	Variance	971.98	1224.7
	Observations	34	6
	t Stat	-0.0848	
	P(T<=t) two-tail	.9352	
Glassdoor's Best Places to Work List	Mean	23.3	25
	Variance	245.68	32
	Observations	23	2
	t Stat	-0.3283	
	P(T<=t) two-tail	.7643	

*p<.05 (Reject the null hypothesis)

Although the t-tests show that there is no difference in the average employee engagement rank of the companies that offered additional maternity leave beyond the legal requirement and the companies that did not offer additional maternity leave beyond the legal requirement, it is important to note the observation sizes in all three tests. The majority of the companies on each list offered maternity leave beyond the legal requirement, whether paid weeks or extra weeks beyond the 12 required weeks, so the sample size of companies that did not offer maternity leave

beyond the legal requirement was very small. This likely affected the results of the t-tests. The sample sizes of each group on the three lists are shown in Figures 1, 2, and 3.

Figure 1. Fortune t-test Sample Sizes

Companies That Offer Maternity Leave Beyond the Legal Requirement vs Companies that Do Not



Figure 2. Forbes t-test Sample Sizes

Companies That Offer Maternity Leave Beyond the Legal Requirement vs Companies that Do Not

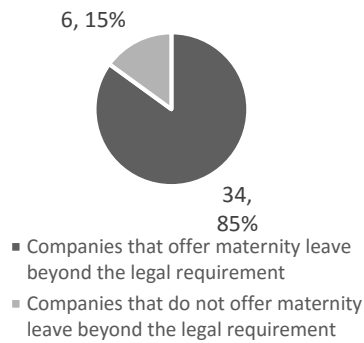


Figure 3. Glassdoor t-test Sample Sizes

Companies That Offer Maternity Leave Beyond the Legal Requirement vs Companies that Do Not



4.2 Number of Weeks of Paid Maternity Leave and Employee Engagement Rank

The results of the simple linear regression analysis showed that the relationship between the number of paid weeks of maternity leave beyond the legal requirement and the employee engagement rank was not statistically significant for the Fortune 100 Best Companies to Work For list and the Forbes America’s Best Employers list. However, the relationship was statistically significant for the Glassdoor’s Best Places to Work list. The results of the regression analysis are displayed in Table 4.

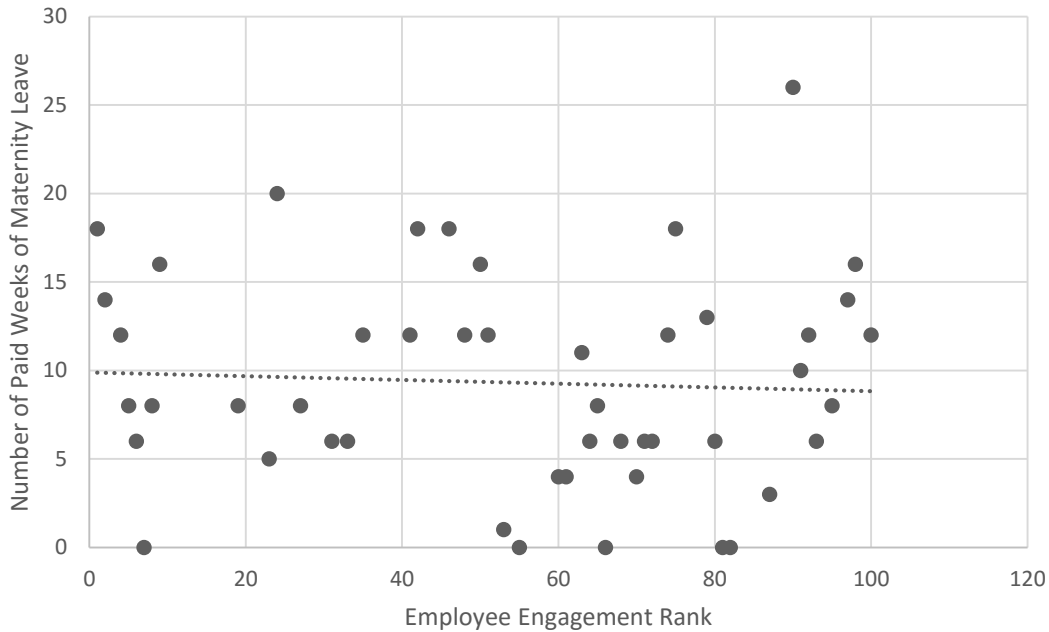
Table 4. Results of the Paid Maternity Leave Regression for Each List

	Coefficient	Standard Error	P-value	Adj. R Square
Fortune 100 Best Companies to Work For List	-0.2724	0.7503	0.7183	-0.0188
Forbes America's Best Employers List	-1.2453	1.0111	0.2256	0.0131
Glassdoor's Best Places to Work List	-1.1183	0.4350	0.0171*	0.1894

*p<.05 (Reject the null hypothesis)

The coefficient and the adjusted R square of the Fortune 100 Best Companies to Work For regression are both negative, which indicates that the relationship between the number of weeks of paid maternity leave and the employee engagement rank is in the direction that was hypothesized. Companies that are better ranked tend to offer more weeks of paid maternity leave. The correlation is displayed in Figure 4.

Figure 4. Fortune Correlation between Paid Maternity Leave and Employee Engagement Rank

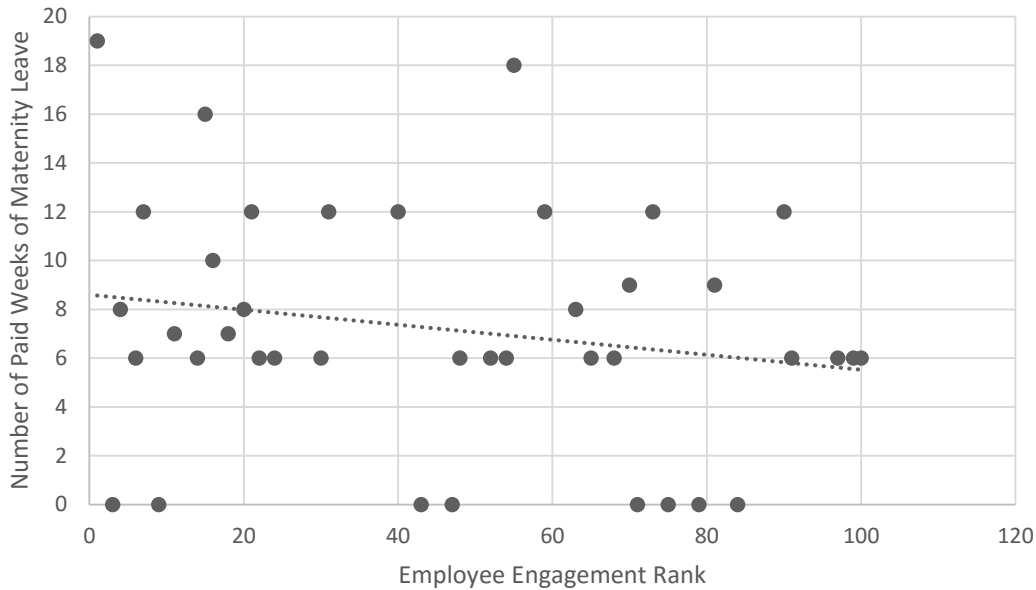


However, the coefficient and the adjusted R square of the Fortune 100 Best Companies to Work For regression are both very small, which means that only a small amount of the variation in the employee engagement rank can be explained by the number of weeks of paid maternity leave that the company offers. Additionally, the p-value is much larger than .05, which means that the relationship between the number of weeks of paid maternity leave and the employee engagement rank is not statistically significant.

The coefficient of the Forbes America’s Best Employers regression is negative, which indicates that the relationship between the number of weeks of paid maternity leave and the employee engagement rank is in the direction that was hypothesized. Companies that are better ranked tend to offer more weeks of paid maternity leave. The correlation is shown in Figure 5.

Figure 5. Forbes Correlation between Paid Maternity Leave and Employee Engagement Rank

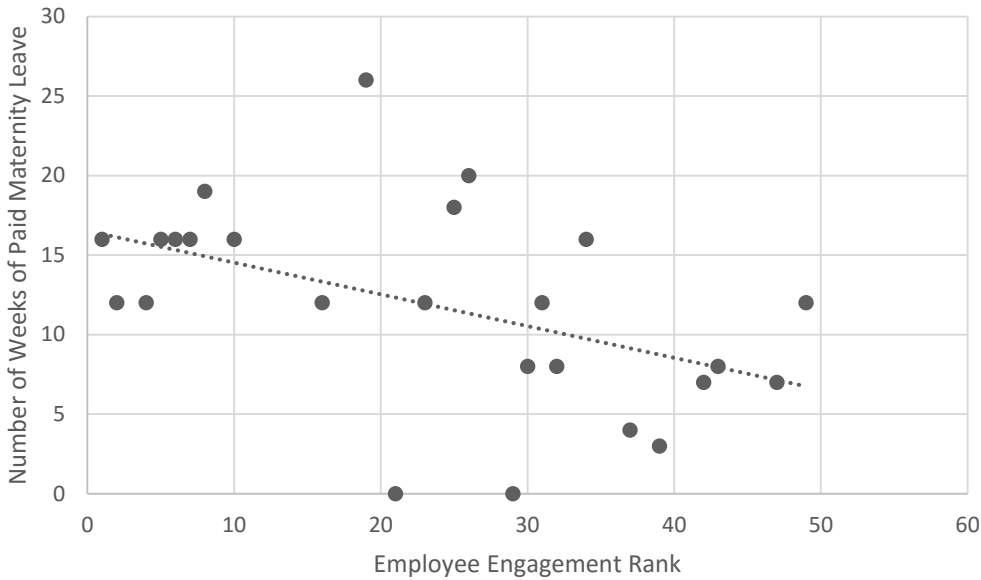
Rank



However, the adjusted R square of the Forbes America’s Best Employers regression is very small, which means that only a small amount of the variation in the employee engagement rank can be explained by the number of weeks of paid maternity leave that the company offers. Additionally, the p-value is much larger than .05, which means that the relationship between the number of weeks of paid maternity leave and the employee engagement rank is not statistically significant.

The coefficient of the Glassdoor’s Best Places to Work regression is very close to -1, which indicates that the relationship between the number of weeks of paid maternity leave and the employee engagement rank is strong and in the direction that was hypothesized. Companies that are better ranked offer more weeks of paid maternity leave. The correlation is displayed in Figure 6.

Figure 6. Glassdoor Correlation between Paid Maternity Leave and Employee Engagement Rank



Additionally, the p-value of the Glassdoor’s Best Places to Work regression is less than .05, which means that the relationship between the number of weeks of paid maternity leave and the employee engagement rank is statistically significant.

The relationship between the number of weeks of paid maternity leave and the employee engagement rank is not statistically significant for two out the three lists. This means that my hypothesis that companies that offer paid maternity leave have more engaged employees than companies that do not offer paid maternity leave is not fully supported. However, since the relationship was statistically significant for one of the lists, it is necessary to conduct further analysis of the relationship in the future to determine why the data from one list displayed the hypothesized relationship.

4.3 Number of Weeks of Maternity Leave Beyond 12 Weeks and Employee Engagement Rank

The results of the simple linear regression analysis showed that the relationship between the number of weeks of maternity leave beyond the legal requirement of 12 weeks and the employee engagement rank was not statistically significant for any of the three lists. The results of the regression analysis are displayed in Table 5.

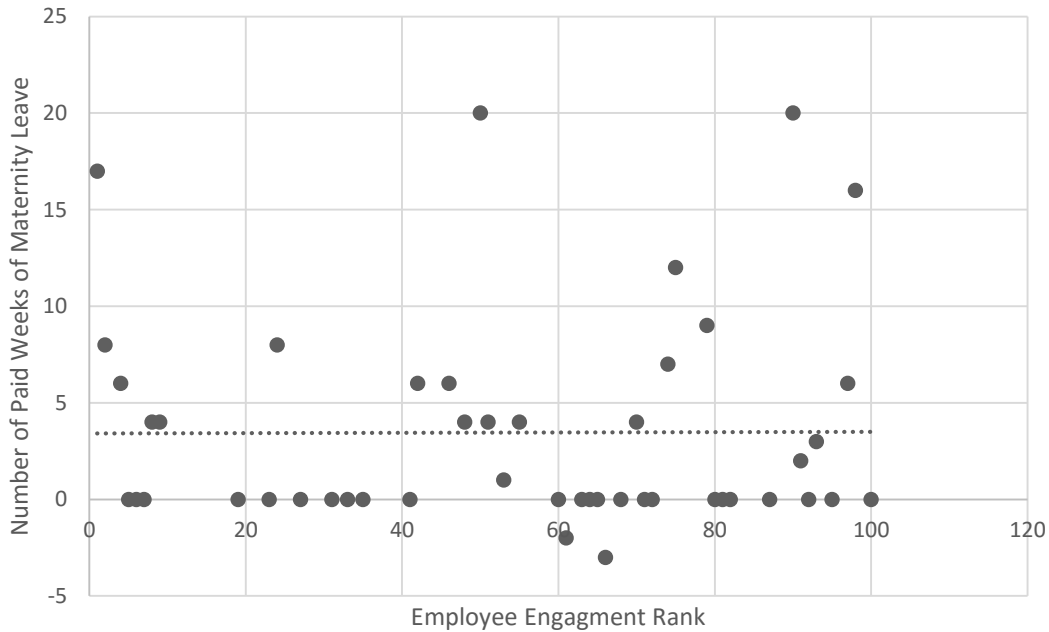
Table 5. Results of the Number of Additional Weeks of Maternity Leave Regression for Each List

	Coefficient	Standard Error	P-value	Adj. R Square
Fortune 100 Best Companies to Work For List	0.0299	0.8169	0.9709	-0.0217
Forbes America's Best Employers List	-0.69152	0.9130	0.4535	-0.0111
Glassdoor's Best Places to Work List	-0.2501	0.3874	0.5249	-0.0249

*p<.05 (Reject the null hypothesis)

The coefficient of the Fortune 100 Best Companies to Work For regression is small and positive, which indicates that the relationship between the number of weeks of maternity leave beyond the legally required 12 weeks and the employee engagement rank is not in the direction that was hypothesized. Companies that are better ranked do not offer more weeks of maternity leave beyond 12 weeks than lesser ranked companies. The correlation is shown in Figure 7.

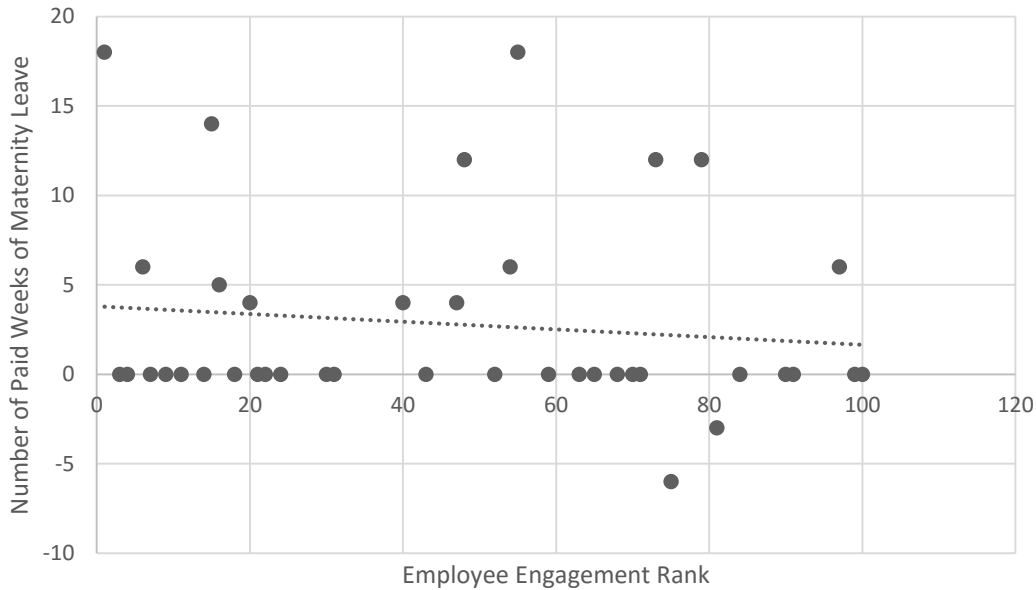
Figure 7. Fortune Correlation between Additional Weeks of Maternity Leave and Employee Engagement Rank



Additionally, the p-value of the Fortune 100 Best Companies to Work For regression is much larger than .05, which means that the relationship between the number of weeks of maternity leave beyond the legally required 12 weeks and the employee engagement rank is not statistically significant.

The coefficient of the Forbes America’s Best Employers regression is negative and relatively close to 1, which indicates that the relationship between the number of weeks of maternity leave beyond the legally required 12 weeks and the employee engagement rank is in the direction that was hypothesized. Companies that are better ranked tend to offer more weeks of maternity leave beyond 12 weeks than lesser ranked companies. The correlation is displayed in Figure 8.

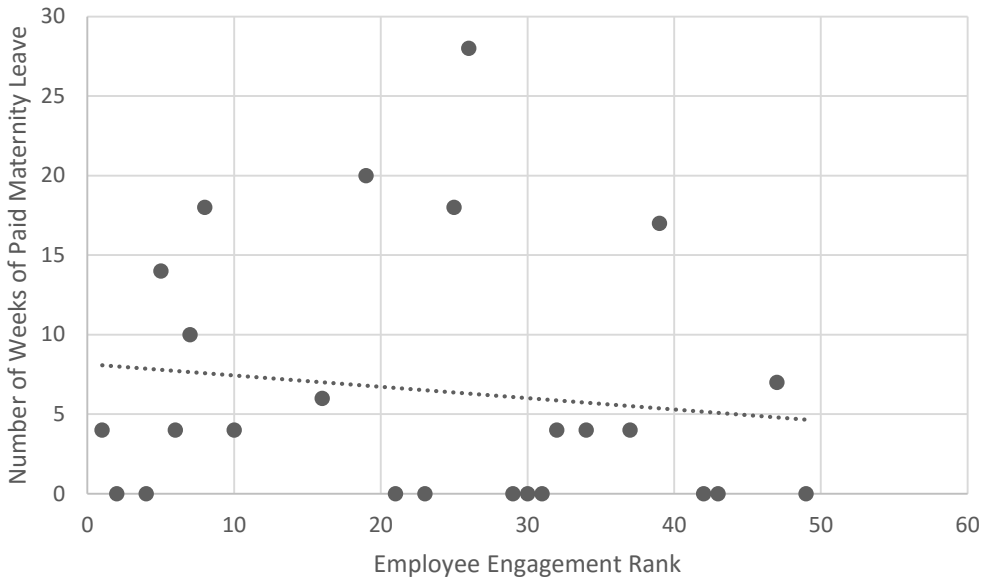
Figure 8. Forbes Correlation between Additional Weeks of Maternity Leave and Employee Engagement Rank



However, the p-value of the Forbes America’s Best Employers regression is much larger than .05, which means that the relationship between the number of weeks of maternity leave beyond the legally required 12 weeks and the employee engagement rank is not statistically significant.

The coefficient of the Glassdoor’s Best Places to Work regression is negative, which indicates that the relationship between the number of weeks of maternity leave beyond the legally required 12 weeks and the employee engagement rank is in the direction that was hypothesized. Companies that are better ranked tend to offer more weeks of maternity leave beyond 12 weeks than lesser ranked companies. The correlation is shown in Figure 9.

Figure 9. Glassdoor Correlation between Additional Weeks of Maternity Leave and Employee Engagement Rank



However, the correlation of the Glassdoor’s Best Places to Work regression is weak and the p-value is much larger than .05, which means that the relationship between the number of weeks of maternity leave beyond the legally required 12 weeks and the employee engagement rank is not statistically significant.

The pattern across the three lists is that the relationship between the number of weeks of maternity leave beyond the required 12 weeks and the employee engagement rank is not statistically significant. This means that companies that offer more weeks of maternity leave than they are legally required to do not have more engaged employees than companies that do not offer additional weeks of maternity leave.

5. Discussion

The methodology and the results of this study leave much to be explored regarding the relationship between employee engagement and parental leave. This study focused only on maternity leave due to data limitations. Additional data about paternity leave would add an important and interesting element to the discussion about parental leave. A possible reason for the weakness of the correlation between the number of weeks of maternity leave and the employee engagement rank in this study is that men likely do not view maternity leave as a job resource that contributes to their employee engagement. As such, this study attempts to relate the employee engagement of both men and women in a company to a job resource that only benefits women. A study with full parental leave data would capture the relationship between parental leave and employee engagement for all employees, possibly strengthening the link between parental leave and employee engagement.

Though most of the results were not statistically significant, the results of this study are suggestive that the hypothesis should not be completely dismissed. The relationship between paid maternity leave and employee engagement rank was negative in each analysis, which is the direction that was expected. This suggests that companies that offer more weeks of paid maternity leave typically have more engaged employees. The relationship between the number of additional weeks of maternity leave and employee engagement was not as strong across all three lists, which is not surprising. It is to be expected that paid maternity leave has a stronger impact on employee engagement than unpaid additional weeks of maternity leave because additional weeks are not beneficial to employees if they cannot afford to use them.

Since this study used company rankings as a proxy for employee engagement, it is still possible that there could be a statistically significant relationship between maternity leave and employee engagement if actual employee engagement data can be obtained. Ideally, future

studies on this topic could survey a representative sample of the employees at many companies to collect official employee engagement results. These studies could administer the Utrecht Work Engagement Scale, which is a standardized and respected employee engagement survey (Schaufeli, Bakker, & Salanova, 2006).

Of the three lists used for this analysis, Glassdoor's Best Places to Work list is the only crowd-sourced list with data collected directly from employees. The other two lists use data provided by the companies, so the data may not accurately reflect the candid feelings of the employees. The methodologies of each of the lists can be seen in Appendices E, F, and G. Since the other two lists collect data from the companies, it is possible that the Glassdoor list provides a better reflection of employee engagement because it reflects the actual, unfiltered opinions of company employees. As such, Glassdoor analysis may be the most important and accurate. This is particularly interesting because the only statistically significant result of this study was the relationship between the number of paid weeks of maternity leave and the employee engagement rank on the Glassdoor list. If the Glassdoor list is the most accurate representation of employee engagement, then perhaps the relationship between paid maternity leave and employee engagement is stronger than originally concluded.

This study was restricted by both parental leave and employee engagement data limitations. However, future studies with more resources and more complete data will be essential to establishing the nature of the relationship between parental leave and employee engagement.

6. Conclusion

This study sought to contribute to the discussion on parental leave in the United States by determining if companies that offer parental leave beyond the legal requirement in either pay or

length have more engaged employees. In the United States, companies are only required to provide 12 unpaid weeks of maternity leave, which is significantly less than the maternity leave requirements of the rest of the developed world. In order to incentivize companies in the United States to offer maternity leave beyond what is required, it is important to establish economic or social benefits to paid and/or longer maternity leave. This paper analyzed the relationship between maternity leave and employee engagement to determine if maternity leave was a driver of employee engagement that might, in turn, provide benefits to companies such as increased productivity, increased retention, and reduced employee stress. The results of this study showed that neither the relationship between the number of weeks of paid maternity leave and employee engagement nor the number of weeks of maternity leave beyond the legally required 12 weeks and employee engagement were consistently statistically significant. Thus, the hypothesis that companies that offer maternity leave beyond the legal requirement have more engaged employees cannot be proven.

The data in this study was limited in two main aspects. First, only maternity leave data was available so paternity leave data was not represented in this study. Second, obtaining official employee engagement survey results was out of the scope of this project. As a result, this study relied on several rankings of the best places to work in the United States as a proxy for employee engagement based on the assumption that better-ranked companies had more highly engaged employees. Though this assumption was sound, the study would have been more accurate if actual employee engagement data was used. Due to these limitations, it is important to recognize that the results of this study should not be the end of the discussion on the relationship between parental leave and employee engagement. Generally, this study did not find a statistically significant relationship between maternity leave and employee engagement but future studies

with complete maternity and paternity leave data and employee engagement survey results could find that the relationship is actually statistically significant.

Although the weight of the results of this study did not support the hypothesis that companies that offer maternity leave beyond the legal requirement have more engaged employees, it is interesting to note that there was one instance of statistical significance to support the hypothesis from the Glassdoor list, which may provide the most accurate representation of true employee engagement. Thus, this study is a valuable contribution to the existing literature concerning parental leave and employee engagement. No other existing research has viewed parental leave as a job resource or as an aspect of workplace flexibility that may be a driver of employee engagement and other economic benefits to a company. Additionally, the negative correlations and the single instance of statistical significance between the number of weeks of paid maternity leave and the employee engagement rank demonstrate that there is a potential link between the two variables. With more complete parental leave and employee engagement data, this relationship could be further explored and established.

7. Appendices

Appendix A: Data Sources

Maternity Leave Database	https://fairygodboss.com/maternity-leave-resource-center
Fortune 100 Best Companies to Work For list	http://fortune.com/best-companies/
Forbes America's Best Employers list	http://www.forbes.com/best-employers/list/
Glassdoor Best Places to Work list	https://www.glassdoor.com/Best-Places-to-Work-LST_KQ0,19.htm

Appendix B. List of companies in the Fortune 100 Best Companies to Work For sample

Google
The Boston Consulting Group
SAS Institute
Robert W. Baird (Robert Baird & Co.)
Edward Jones
Wegmans Foods Markets
salesforce
Genentech
Stryker (Stryker Corporation)
Baptist Health South Florida
Twitter
The Container Store
Intuit (Intuit Inc)
USAA
NetApp (NetApp Inc)
Alston & Bird (Alston & Bird LLP)
Cooley (Cooley LLP)
Perkins Coie
FactSet Research Systems
Goldman Sachs Group
American Express (American Express Company)

Marriot International
Whole Foods Market
Scripps Health
Children's Healthcare of Atlanta
KPMG
CarMax
Vmware
Novo Nordisk
Allianz Life Insurance (Allianz SE)
Cisco Systems
Cadence (Cadence Design Systems)
Navy Federal Credit Union
Pricewaterhouse Coopers
Arnold & Porter
EY
General Mills
Publix Super Markets
Bright Horizons Family Solutions
WellStar Health System
Adobe Systems
Capital One Financial
Ryan
Nordstrom
Nationwide Mutual Insurance
Deloitte
Accenture
Protiviti

Appendix C. List of companies in the Forbes America's Best Employers sample

Google
Marathon Petroleum
The Container Store
Baxter International
BMW Group
Wegmans Food Markets
United Services Auto
Association
BASF
Facebook
Roche
Southwest Airlines

Massachusetts Institute of
Technology
Cummins
Intuit
Edward Jones
Quintiles
SAS
Stanford University
Agilent Technologies
Whole Foods Market
DuPont
Columbia University
Union Pacific
Apple
Vanguard
Principal Financial Group
University of Minnesota, Twin
Cities
Kraft Foods Group
Altria Group
CBRE Group
Harvard University
American Cancer Society
Pacific Gas and Electric
Kaiser Permanente
Publix Super Markets
Johns Hopkins University
University of Pittsburgh
3M
New York University
Starbucks

Appendix D. List of companies in the Glassdoor Best Places to Work sample

Airbnb
Bain & Company
HubSpot
Facebook
LinkedIn
Boston Consulting Group
Google
Zillow

Expedia
Adobe
Delta Air Lines
Protiviti
Apple
Twitter
Wegmans Food Markets
Slalom Consulting
Akamai
Salesforce
Genentech
Red Hat
Chevron
Southwest Airlines
Stryker
NIKE
Concur

Appendix E. Fortune 100 Best Companies to Work For methodology

“To identify the 100 Best Companies to Work For, each year Fortune partners with Great Place to Work to conduct the most extensive employee survey in corporate America.

Two-thirds of a company’s survey score is based on the results of the Trust Index Employee Survey, which is sent to a random sample of employees from each company. This survey asks questions related to employees’ attitudes about management’s credibility, overall job satisfaction, and camaraderie. The other third is based on responses to the Culture Audit, which includes detailed questions about pay and benefit programs and a series of open-ended questions about hiring practices, methods of internal communication, training, recognition programs, and diversity efforts.

To register for the 100 Best Companies to Work For list, which allows participation in all our Best Workplaces lists, including Millennials, Women, Diversity, and over a dozen additional lists, go to tgreatplacetowork.com/100Best.”

Appendix F. Forbes America's Best Employers methodology

“The 500 employers on our list were chosen based on an independent survey by Statista.com of 20,000 American employees working for large U.S. companies and institutions (minimum headcount: 2,500), and U.S. divisions of international firms. They were asked anonymously through several online panels if they'd recommend their employer, or any other employers in their industry, to a potential employee. The mix of respondents (gender, age, region, educational level, and ethnicity) in the sample is representative of the overall U.S. workforce. Where appropriate, subsidiaries of larger entities were combined for evaluation. The survey was conducted on companies in all industry sectors employing more than 2,500 workers in the U.S.”

Appendix G. Glassdoor Best Places to Work methodology

“The 2016 Glassdoor Employees' Choice Awards for the Best Places to Work rely solely on input from employees who elected to anonymously submit a company review on Glassdoor. During the eligibility timeframe, more than 1.6 million company reviews were submitted by employees on Glassdoor. When providing a company review, employees are asked to share their opinion on some of the best reasons to work for their employer (pros), any downsides (cons), and are encouraged to provide advice to management. In addition, employees are asked to rate how satisfied they are with their employer overall, rate their CEO, as well as rate key workplace attributes like career opportunities, compensation & benefits, culture & values, senior management and work-life balance. In addition, employees are asked whether they would recommend their employer to a friend and what their opinion is of the employer's business outlook in the next six months. The Glassdoor 2016 Employees' Choice Awards for the Best Places to Work feature six categories. These six categories, along with minimum requirements for eligibility, include:

Best Places to Work - U.S. large companies: At least 75 Glassdoor-approved company reviews from current and former¹ U.S.-based employees between November 3, 2014 and November 1, 2015; An overall employer rating² of at least 3.51 and workplace factor ratings of at least 2.85 during the eligibility period; At least 1,000 employees at the end of the eligibility timeframe.”

Appendix H. Fairygodboss Maternity Leave Database methodology

“We crowd source maternity leave information because so few companies share this data publicly. Thankfully, many of you believe that transparency is a good thing. Below, we have compiled a list of the companies where we have collected data from our users. Where users report conflicting information, we show consensus numbers (if any) or the median, and the maximum and minimum numbers reported.”

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