

# The ROI for Family Friendly Organisations

Do family friendly workplace policies and practices deliver a return on investment?



# Do family friendly workplace policies really deliver a return on investment?

We've long heard from HR and business performance experts that when an organisation invests in their people, the business benefits. Ask any business that has been recognised as an 'employer of choice' and the likely response is 'give people a great place to work and they will want to stay employed with us'.

Is this also true when it comes to implementing family-friendly workplace (FFW) initiatives? Is there a positive return that benefits employees and the business?

## Research tells us the answer is 'yes'.

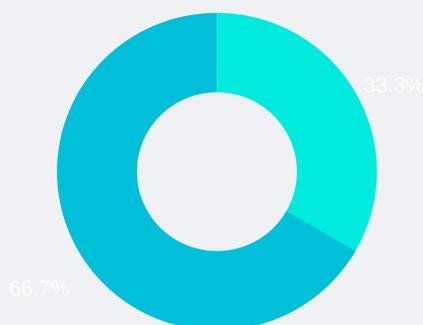
Increasingly, people expect companies to be flexible and be supportive of their caring responsibilities. This includes fostering a culture that is inclusive.

Ultimately, people want to work in an environment that helps them to thrive both at work and at home. Employers who are responsive to this, not only have a positive impact on their employees but also the communities around them.

"People want to work for organisations that care about them, especially those that consider their family responsibilities outside of work. Your organisation's culture has an impact on your employees' health and wellbeing and therefore the wellbeing of your business."

Emma Walsh, CEO Parents At Work

## COSTS



According to the Australian HR Institute, the cost to replace an employee is ~30% of their remuneration package. This includes advertising, recruitment costs, manager and panel job design, interviewing, onboarding, training and development.

Assuming an average employee package of \$75,000, this equates to a replacement cost of \$22,500 each.

# \$22,500

# Up to \$112,500

For a 100 employee  
size company

## GENERATE SAVINGS

The introduction of FFW initiatives is estimated to reduce employee turnover by 1 to 5 percentage points. This means, for a company with 100 employees, the investment in FFW policies and practices could generate savings of between \$22,500 to \$112,500 in replacement costs annually.

## FLEXIBLE WORKING

Organisations can experience a net benefit of 4% of their revenue (tens of millions of dollars per year for some) when all costs & benefits of flexible working policies are taken into account.



# 4% net benefit

Organisations that invest in highly valued family friendly work policies and practices report the benefits deliver cost savings and other positive business outcomes related to engagement, employee turnover and gender equality.

*"Cost savings can arise from both direct and indirect effects, such as improved employee work-life balance and reduced stress, which leads to reduced absenteeism and turnover, or perceptions of a positive workplace culture leading to greater commitment, loyalty and even higher productivity."*

*UK Government Equalities Office*

Not only are FFW policies good for individuals and their workplace, there's clear evidence there are far reaching societal benefits when it comes to health, wellbeing and equality outcomes for children. For more information on this read: UNICEF Redesigning the workplace to be family-friendly: What governments and businesses can do.

*"Investing in family-friendly policies is good for the family, business and the economy."*

*UNICEF*

## **FACT:**

**There are no negatives about a Family Friendly Workplace, only positive outcomes.**

# What is the return on investment of being a family friendly workplace?

The cost of investing in FFW initiatives can be a fraction of the annual savings generated from reducing employee turnover. So, what are the actual figures?

According to the Australian HR Institute, the annual employee turnover in Australia is approximately ~15% per annum. [The cost to replace an employee is ~30% of their package](#). This includes advertising, costs of a recruitment agency, manager and panel job design, interviewing, approval hours, onboarding, training and so on.

Assuming an average employee package of \$75,000, this equates to a [replacement cost of \\$22,500 each](#).

The introduction of FFW initiatives is estimated to reduce employee turnover by 1 to 5 percentage points (ppts). This means, for a company with 100 employees, the investment in FFW practices and policies could support generate [savings of between \\$22,500 to \\$112,500 in replacement costs annually](#). The net saving (i.e. reduction in annual replacement costs less the outlay to develop, implement and manage FFW programs) can be significant.

## **Gender Equality Impact: Increased female workforce participation and representation in leadership**

The ROI goes far beyond immediate cost savings. Organisations that invest in policies such as parental leave, flexible working and childcare subsidies contribute to increasing women's participation in the workforce and support the ability to progress their career into leadership.

Recent research by WGEA and BCEC shows a strong causal relationship between an increased number of women in leadership and improvements in company performance.

According to Bankwest Curtin Economics Centre and WGEA research, employer-funded paid parental leave schemes covering 13-plus weeks halves the share of female managers who stop working during paid parental leave relative to those who access only the Government paid parental leave scheme.

These policies send a clear message that the organisation supports gender equity and that employees with families are valued.

Furthermore, their research shows that an increase of 10 percentage points or more in female representation on the **Boards** of ASX-listed companies leads to a **4.9% increase** in company market value, worth **\$78.5 million**.

The appointment of a female **CEO** leads to a **5.0% increase in the market value** of ASX-listed companies, worth **\$79.6 million**.

These are impressive numbers and yet still only half of the story.

**Other benefits of investing in FFW initiatives include:**

- Attracting a greater pool of prospective employees
- Increasing job satisfaction = engagement and loyalty
- Increasing employee retention
- Creating a positive workplace culture



## CASE STUDY

Global professional services firm, RPS are an example of an organisation that took action and invested in introducing family friendly support for their staff as COVID-19 hit understanding that it made good business sense to do so.

*"RPS staff go above and beyond for the business. We're always looking for ways to do the same in return - to help and support them beyond just their day-to-day job."*

*Ross Thompson,  
CEO of RPS Australia Asia Pacific*

"For RPS, promoting a family-friendly workplace is about recognising that life can't be about work all the time. When people feel empowered to prioritise family responsibilities when they need to, they are far more likely to be engaged, productive and fulfilled when they are at work.

RPS employs smart, dedicated and passionate people. Fostering a family-friendly culture helps keep these people within the RPS family and attracts new leading minds to the team. It just makes good business sense."

# Which Family Friendly Workplace initiatives make a difference?

## Providing or supporting childcare options to parents

Australia ranks 20th out of 30 OECD countries in affordability of childcare. Research shows that investing in childcare provisions brings a sizable ROI, first and foremost increasing productivity and then by reducing employee turnover and absenteeism as well as improving engagement.





## CASE STUDY

Property Exchange Australia (PEXA), Australia's leading electronic property settlement provider, in 2019 launched a suite of nation-leading policies designed to support the needs of a new generation of young families, including new measures on parental leave, superannuation and childcare.

PEXA's policy includes six-months of paid parental leave and child care assistance of up to \$1,000 per month, per child, and paid superannuation for unpaid parental leave, among other benefits on offer.

These policies are designed to support an already robust program that includes wellness days, financial planning, meditation, nutrition, bootcamps, and subsidised gym memberships.

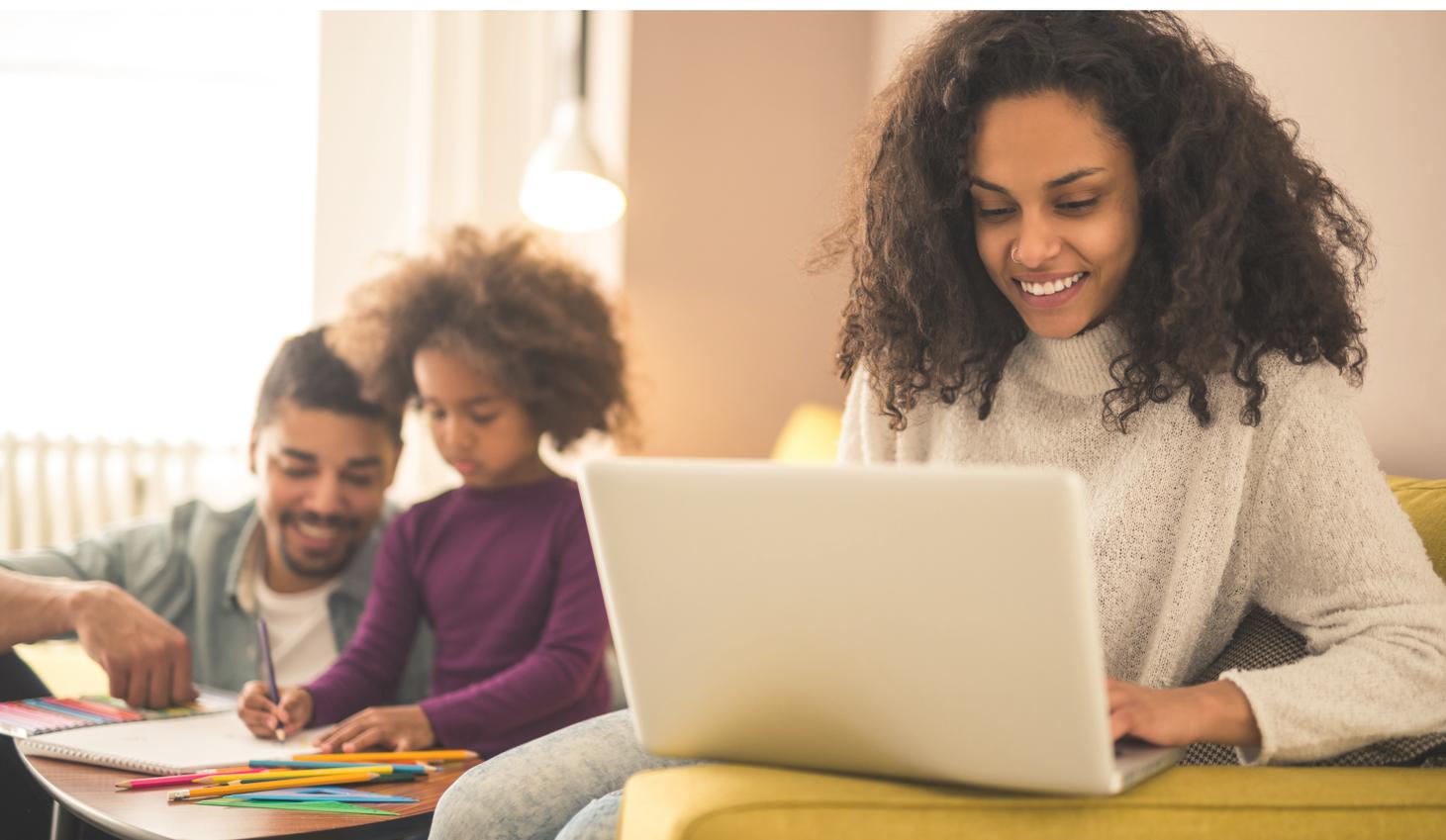
"To maintain a competitive advantage as a niche technology company, it's crucial PEXA support millennials and structure the workplace to better suit them. "This generation won't 'fit in' with outdated workplace models. They want their employers to drive change and help them to reach their potential. Taking time out of the workforce to start or support a family shouldn't penalise workers."  
PEXA founding CEO, Marcus Price

## Promoting flexible work practices

Whilst health measures to combat COVID-19 has meant many employees have been forced to work in more agile ways (mostly from home), many organisations have had to work hard to mainstream flexible work practices. This is often because flexible work options have not been culturally embedded or adequately facilitated enough.

Normalising flexible work practices is imperative.

Evidence shows flexible working is good for both employers and employees. Organisations can experience a net benefit of as much as 4% of their revenue (tens of millions of dollars per year for some organisations) when all costs and benefits of flexible working policies are taken into account.

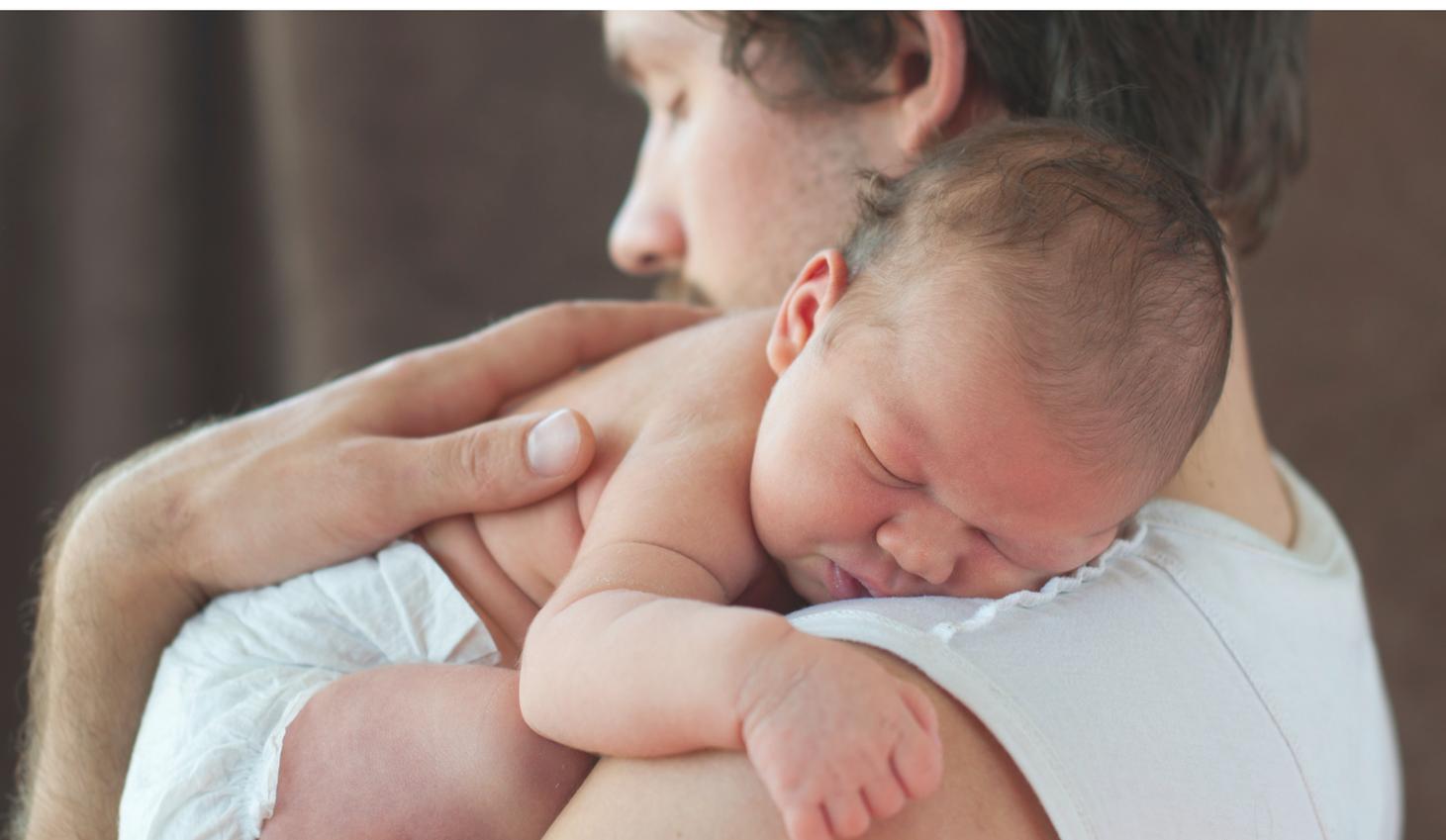


## Gender equal parental leave

Australia has fallen from ranking 15th to 44th on the World Economic Forum's Global Gender Gap Index in the last 14 years.

Crucial to improving gender equality outcomes and challenging breadwinner vs. caregiver stereotypes which still perpetrate business and society.

One of the most effective ways to do this is to have a gender equal parental leave policy. That is, to provide your people – regardless of gender – equal leave when they have a child. Research has shown that people are more likely to stay at their company if they are supported by their employer to balance career with family during the early years of parenthood. If they do not leave, the ROI, as indicated earlier in this article, is significant.





## CASE STUDY

In March 2019, QBE became the first general insurer in Australia to adopt a gender-equal, flexible paid parental leave scheme – Share the Care – with the aim of making parenting, career breaks and flexible working a norm for both men and women.

One year later, the insurer was proud that the policy resulted in over 300% uplift in male employees taking paid parental leave, with men now representing over a quarter (27%) of parents in the organisation accessing paid parental leave. This is a stark increase from the 12-month period prior to the launch of Share the Care, where only 10% of QBE parents accessing parental leave were male.

"The first-year results are reassuring that gender-equal policies, like Share the Care, are one way to address and work towards gender-equality within corporate Australia, and in the home."

Vivek Bhatia, CEO, QBE Australia Pacific

Ultimately, the business case for implementing FFW policies and practices is clear. Not only do family friendly workplaces contribute to the bottom line, they deliver improved equality and wellbeing outcomes for employees, their families and the wider community.

# How can we support your transition to a Family Friendly Workplace culture?

Parents At Work, in partnership with UNICEF, Karitane, PANDA and APLEN released a set of 9 Key Recommendations for Employers to support organisations help their employees bridge the work and family divide beyond a COVID-19 world. [Click here to read all about them.](#)

To benefit from the return on investment that FFW practices can bring to your organisation, contact the Parents At Work team and conduct a free Family Friendly Workplace 'Health Check'.

Email [info@parentsatwork.com.au](mailto:info@parentsatwork.com.au)



## References

### **APLEN 2020: Responding to the Future of Work and Family**

<https://www.aplen.com.au/familyfriendlyworkplaces>

### **Australian HR Institute**

[https://www.ahri.com.au/media/1222/turnover-and-retention-report\\_final.pdf](https://www.ahri.com.au/media/1222/turnover-and-retention-report_final.pdf)

### **Government Equalities Office UK**

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/840061/Warwick\\_Final\\_Report\\_1610.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/840061/Warwick_Final_Report_1610.pdf)

### **International Finance Corporation**

[https://www.ifc.org/wps/wcm/connect/cd79e230-3ee2-46ae-adc5-e54d3d649f31/01817+WB+Childcare+Report\\_FinalWeb3.pdf?MOD=AJPERES&CVID=IXu9vP-](https://www.ifc.org/wps/wcm/connect/cd79e230-3ee2-46ae-adc5-e54d3d649f31/01817+WB+Childcare+Report_FinalWeb3.pdf?MOD=AJPERES&CVID=IXu9vP-)

### **National Working Families Report – Full Report**

[https://parentsandcarersatwork.com/wp-content/uploads/2019/12/National-Working-Families-Report-2019\\_1.pdf](https://parentsandcarersatwork.com/wp-content/uploads/2019/12/National-Working-Families-Report-2019_1.pdf)

### **NOUS International Management Consultancy**

<https://www.nousgroup.com/insights/benefits-flexible-workplaces-intuition-evidence/>

### **QBE**

<https://www.qbe.com/au/media-centre/press-releases/gender-equal-parental-scheme-sees-uplift>

### **RPS via Parents At Work**

<https://parentsandcarersatwork.com/rps-why-investing-in-being-family-friendly-makes-good-business-sense/>

### **UNICEF**

<https://www.unicef.org/early-childhood-development/family-friendly-policies>

### **Workplace Gender Equality Agency**

<https://bcec.edu.au/assets/2020/06/BCEC-WGEA-Gender-Equity-Insights-2020-Delivering-the-Business-Outcomes.pdf>

<https://www.wgea.gov.au/data/wgea-research/gender-equity-insights-series>

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Parents At Work is leading a parental leave equality campaign aimed at workplaces and the community to normalise and support fathers share the caring for their children.

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