

Resolution Foundation

The price of motherhood: women and part-time work

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Background

Over the last 30 years, female employment has become increasingly important in maintaining the living standards of households on low to middle incomes (LMIs). Between 2000-01 and 2009-10, the proportion of men in the LMI group in work increased by only 1 percent, reaching 80.4 percent in 2009-10.¹ The proportion of LMI women in work increased steadily over the same period, including during the recession, from 69.5 per cent in 2000-01 to 74.5 per cent in 2009-10. As a result of this trend, the share of LMI household income coming from male employment has declined, leaving income from female employment to plug some of the gap. In 1968, 71 percent of net household income in the LMI group came from male employment and 11 percent from women's employment. By 2008-09, only 40 percent came from men's work and 24 percent from women.²

While households have become increasingly reliant on income from women's work, there is evidence that Britain could do better still. Female employment falls significantly behind some of our international competitors among women over 50 and women with children. Compared to the top five performers in the OECD - Iceland, Norway, Sweden, Switzerland and Denmark - employment among women with children in the UK is eight percentage points lower. The employment gap is three times larger for women with three or more children.³

Women in the UK are also more likely than in the five countries with the highest rates of female employment to switch to part-time work once they have children. Although this is often a positive choice to balance work and family life, it is more common for women in the UK to remain working part-time after their children have reached school age, a point at which many women in other countries choose to extend their working hours. On average, nearly 45 percent of mothers of school-age children work 40 hours or more per week in the OECD compared to less than 20 percent of British mothers of school-age children. Just over 50 percent of mothers with school-age children work fewer than 20 hours a week in the UK compared to an OECD average of 30 percent.⁴

The UK has one of the highest part-time pay penalties in the European Union. This is largely because of the occupational segregation between full and part-time work which unduly affects women who are far more likely than men to work part-time. Women who switch to part-time employment tend to move down the occupational ladder into lower skilled and lower paid jobs and struggle to move between full and part-time employment as their family situation changes. This means that, while the part-time pay gap within any one occupation is relatively small, women who switch from full to part-time employment when they have children stand to lose a significant amount of income if, in doing so, they are forced to also take a lower skilled job.⁵

To find out more about the nature of the choices women face when opting for part-time work, this report presents the results of a survey conducted by the Resolution Foundation in partnership with Netmums, the UK's fastest growing online parenting organisation. A total of 1610 part-time working women responded to the survey, with half being in the low to middle income group. Close to 90 percent of respondents had one or two children and 80 percent had children under the age of five.

Overall the survey finds that the majority of women with children under five across all income groups choose to work part-time, although more than a third of women in the LMI group do not feel that part-time work is a choice. Furthermore, nearly 50 percent of the LMI group have been forced to take a lower skilled job by working part-time than if they had remained in full-time work. Higher income mothers who work part-time are less likely to want to increase their hours given that they are financially more comfortable but continue to be dissatisfied with the availability of high quality part-time jobs. The financial pressure on low to middle income households makes part-time working mothers in this group more likely to want to increase their hours, with the high costs of childcare and the lack of flexible employment acting as major barriers.

¹ Whittaker, M, *Squeezed Britain*, Resolution Foundation, forthcoming

² Brewer, M and Wren-Lewis, L (2011) *Why Did Britain's Households Get Richer? Decomposing UK household income growth between 1968 and 2008-09* (IFS analysis for the Resolution Foundation), Resolution Foundation and Institute for Fiscal Studies

³ Plunkett, J (2011) *The Missing Million: The potential for female employment to raise living standards in low to middle income Britain*, Resolution Foundation

⁴ OECD Family Database http://www.oecd.org/document/4/0,3746,en_2649_37419_37836996_1_1_1_37419,00.html [accessed 1 February 2012]

⁵ Manning, A and Petrongolo, B (2005) *The Part-Time Pay Penalty*, Centre for Economic Performance, London School of Economics. Available at <http://cep.lse.ac.uk/stokerochford/papers/new/Petrongolo.pdf> [accessed 5 February 2012]

Who we surveyed

A total of 1610 part-time working women responded to the Resolution Foundation/Netmums survey. Part-time was defined as up to 30 hours a week, with respondents being able to specify how many hours they worked in blocks of five. Where possible, the results have been analysed by income group in line with the Resolution Foundation's definition of low to middle income households.⁶ A copy of the survey can be found on the Resolution Foundation website.

Among those part-time working women who responded to the survey, a larger proportion were in the low to middle income group than in either the benefit reliant or higher income groups. Close to 90 percent of respondents had one or two children and 80 percent had children under the age of five. This did not vary significantly by income group. The remaining 20 percent had primary school age children, with only 1 percent having older children.

Figure 1: Are you currently working part-time?

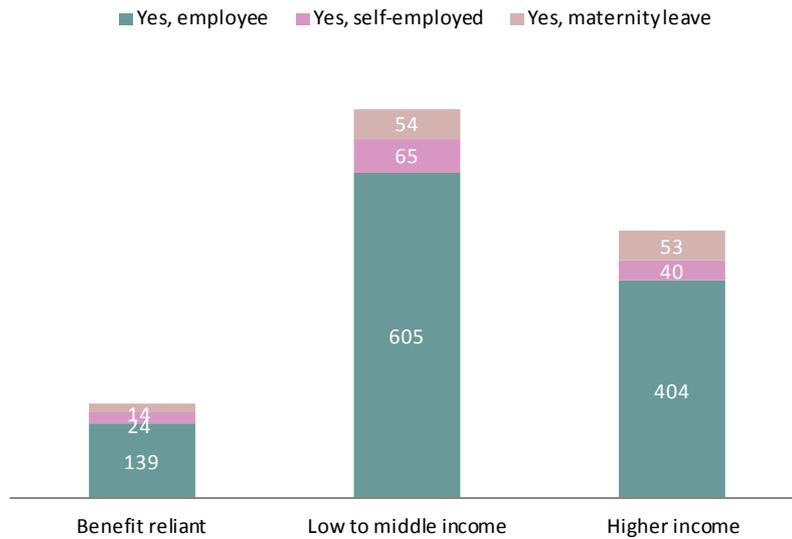
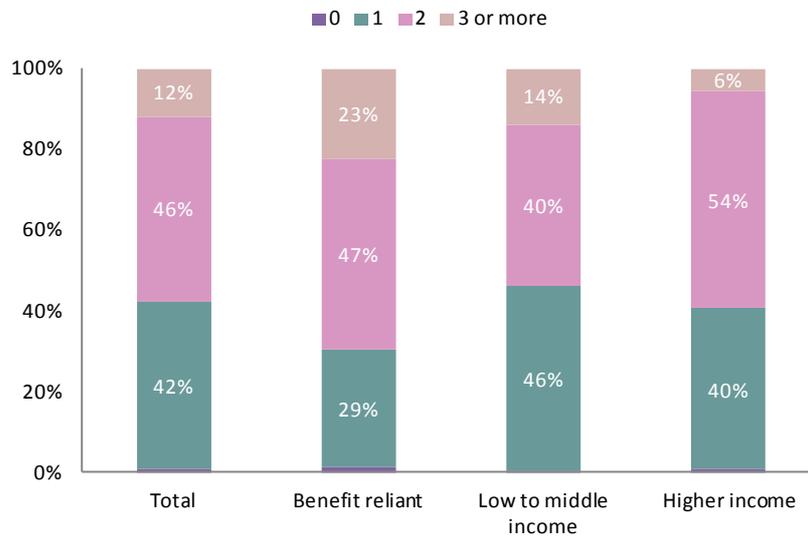


Figure 2: How many children do you have?

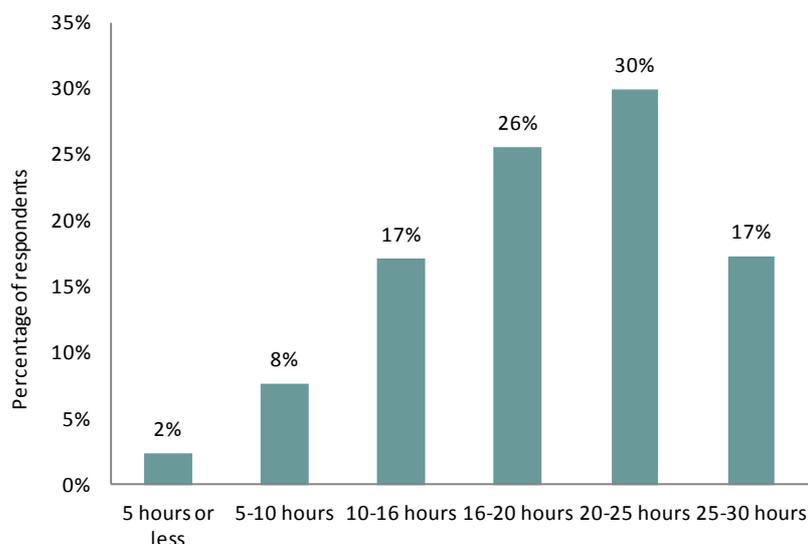


The majority of part-time workers who responded to the survey were working between 10 and 25 hours a week. A larger number of LMI survey respondents had degrees or A Levels than in the low to middle income group nationally. Of the survey sample, 58 percent had a degree or some experience of higher education compared to only 18 percent with a degree among the LMI group nationally. This in part reflects the fact that some higher income families move

⁶ The Resolution Foundation defines low to middle income households as those in deciles two to five of the household income distribution who do not receive more than a fifth of their income from means tested benefits. The group below is defined as benefit reliant and the group above as higher income.

into the low to middle income group when their children are young as their incomes reduce. Analysis of 15,000 families with children under 5 born in 2000 and 2001 found that 30 percent of parents in the low to middle income group were degree holders.⁷

Figure 3: Number of hours worked



Is part-time work a free choice?

The high costs of childcare in the UK have been identified as one of the reasons for larger numbers of women working part-time than in other developed countries.⁸ Parents in the UK spend 33 percent of their net household income on childcare compared to an OECD average of 13 percent.⁹ This means that the amount of money lone parents and second earners forgo in tax credits and childcare costs for every additional hour earned is higher than in almost any other OECD country.¹⁰ The situation has been made worse by the government's decision to reduce the amount of support available to families through the childcare element of the working tax credit from 80 to 70 percent of eligible costs in April 2011. Furthermore, the introduction of Universal Credit in 2013 will create further disincentives for part-time working mothers wanting to extend their hours. A second earner working 16 hours and earning £6.08 an hour would lose 82 percent of her weekly earnings under Universal Credit compared to only 53 percent under the pre-April 2011 tax credit system.¹¹

Beyond the well documented issue of childcare, there is limited research about the extent to which women with children choose to work part-time or feel forced to do so and would prefer to work longer hours, and how this varies across income groups. The Resolution Foundation/ Netmums survey aimed to address this gap by asking women with young children about their reasons for working part-time.

Across all groups, 70 percent of part-time working women with young children felt that they had freely chosen to work part-time. This is despite the fact that almost all (93 percent) worked full-time before having children and two thirds (67 percent) planned to increase their working hours once their children were older. For many respondents, their decision to work part-time reflects their preference for being more involved in bringing up their children than they could be if working full-time. Many said that they did not want to miss out on the important early years in their child's life.

⁷ Washbrook, E and Waldfogel, J (2011) *On Your Marks: Measuring the school readiness of children in low to middle income families*, Resolution Foundation

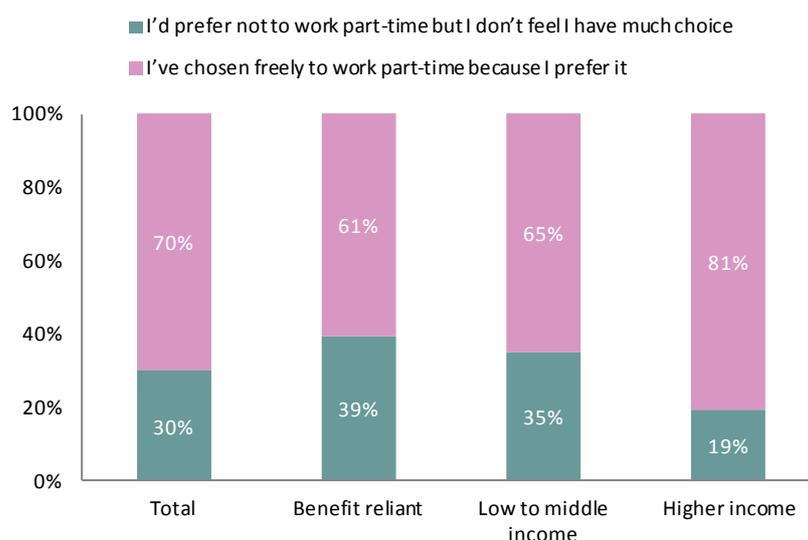
⁸ OECD (2011) *Doing Better for Families*, OECD

⁹ OECD Family Database http://www.oecd.org/document/4/0,3746,en_2649_37419_37836996_1_1_1_37419,00.html [accessed 1 February 2012]

¹⁰ OECD (2011) *Doing Better for Families*, OECD

¹¹ Hirsch, D (2011) *Childcare Support and the Hours Trap: The Universal Credit*, Resolution Foundation

Figure 4: Which of the following most closely fits your thoughts about part-time work?



'I'm fortunate that I have the opportunity to be able to work part-time and from home. I get to spend quality time with my family and still earn. If I went to work full-time I'd be in no better financial position so for me this is the best option. It's all about getting the balance right'.

'It is a juggle and difficult to get enough momentum on two days a week to complete projects to a deadline so finding work (I am an editor/proof reader) isn't easy. However I appreciate being able to be at home with my son and wouldn't want to work full-time'.

'Even working part-time, it is difficult to spend quality time with my kids, husband and friends and keep on top of house work et. I don't know how women who work full-time cope'.

However, there were important differences between income groups in the amount of choice that mothers felt they had. Over a third of part-time working women in the low to middle income group and two-fifths of those in the benefit reliant group felt that working part-time had not been a choice. There was little difference in response by age of youngest child and the responses from single parents did not differ significantly from those living with a partner.

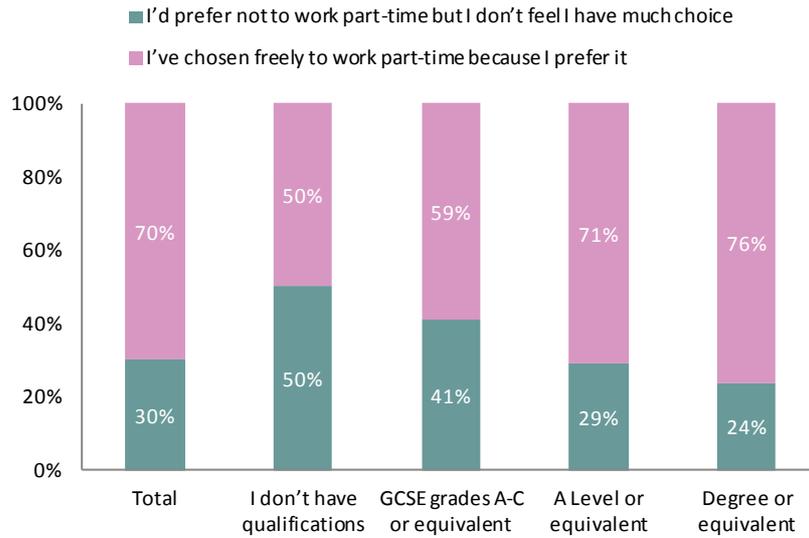
The variation in response by income group in large part reflects the high costs of childcare. These pose a greater barrier to working longer hours for low to middle income families than for those on higher incomes, especially where parents cannot rely on informal support from family and friends. Expensive childcare leaves many low to middle income women stuck working part-time when longer hours would help relieve the financial pressure they face in meeting rising living costs. The average family in the low to middle income group has not seen its income increase since 2001-02 in large part because wages for those in the bottom half of earnings have been stagnant since 2003.¹²

The financial pressure to increase working hours is also evident from the fact that lower income women were much more likely to say that they were planning to increase their working hours when their children got older than those on higher incomes: 80 percent among the benefit reliant group and 71 percent among LMIs compared to 56 percent among the higher income group. Once children reach school-age, mothers have more opportunity to increase their working hours without needing additional childcare.

Responses also varied by level of education. Women with higher level qualifications were more likely to say that they had freely chosen to work part-time. Among survey respondents with a degree, 76 percent said that working part-time was a free choice compared to only 50 percent with no qualifications. Women with higher level qualification are more likely to be in higher income households, putting them in a strong position to freely choose how to balance their work and family commitments.

¹² Resolution Foundation (2012) *Essential Guide to Squeezed Britain: The annual audit of low to middle income households*, Resolution Foundation

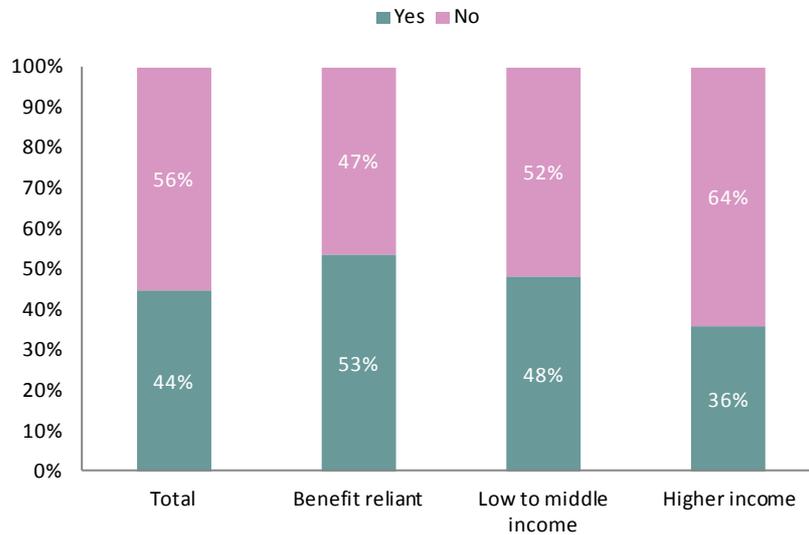
Figure 5: Which of the following most closely fits your thoughts about part-time work?



The part-time penalty

Close to half of all women (44 percent) said that they had taken a lower skilled job because they were working part-time. This was higher among low to middle income women than among higher income women: 48 percent compared to 35 percent. There were also differences by skill level, with 42 percent of degree holders saying that they had taken a less skilled job because of working part-time compared to 48 percent of those with A levels and 33 percent with no qualifications.

Figure 6: By working part-time, do you feel you've had to take a lower skilled job than you would have if you worked full-time?



Part-time work tends to be concentrated in low paid and low skilled jobs, where opportunities for progression may be limited. This unduly affects women as only 7 percent of men with dependent children work part-time.¹³ Previous work by the Resolution Foundation has demonstrated that those working part-time were less likely to move up the earnings ladder in their thirties compared to those working full-time regardless of qualifications and other characteristics.¹⁴ Many respondents to our survey complained about being held back by working part-time.

¹³ Family Friendly Working Hours Taskforce (2009) *Flexible Working: Working for families, working for business*. A report by the Family Friendly Working Hours Taskforce, Department for Work and Pensions.

¹⁴ Savage, L (2011) *Snakes and Ladders: Who climbs the rungs of the earnings ladder*, Resolution Foundation

'I work for the NHS and was able to increase my weekly hours from 12 to 20 when my son started school. They have also let me have all the school holidays off apart from two weeks in the summer, so I am really lucky'.

'I have had to take an evening job in a call centre as there was no opportunity for part-time work or a job share within the design and marketing industry. I have a degree and also reached a managerial level prior to having children. However, due to a lack of opportunities, all that was available was part-time work at a much lower level'.

'As a part time employee, I had to take a lower grade job as it was felt that I couldn't have a supervisor role if I was part-time. I often feel excluded from the team as team meetings are held on days I don't work. I have been overlooked for promotion because I didn't want to increase my hour. I was told I was the better candidate at interview but that my availability did not fit the essential criteria that specified full-time hours. I work part-time as my kids do not want to be in breakfast and afterschool clubs all week'.

Barriers to full-time work

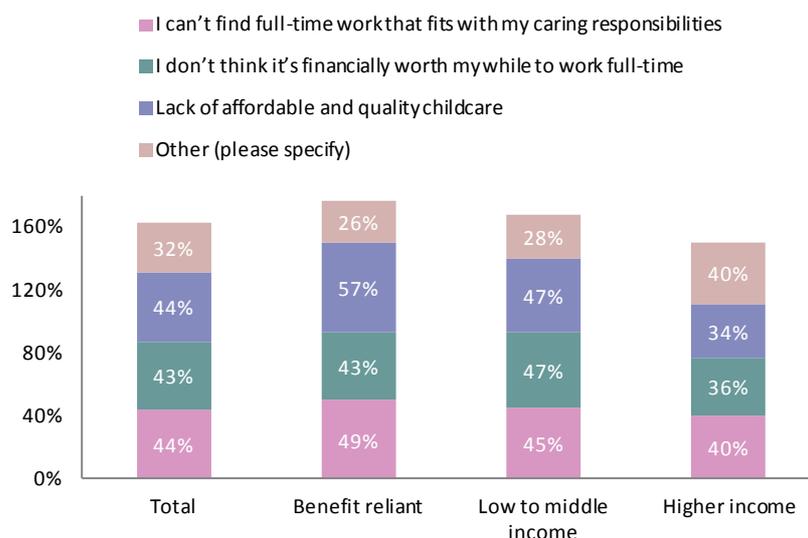
A lack of affordable childcare appears to be the most important barrier to mothers working full-time. Overall, 44 percent specifically cited the lack of affordable quality childcare as a barrier. In addition, 43 percent said that it was not financially worth their while to work full-time. This is largely because the additional childcare costs that would be incurred would leave mothers with little take home pay.

'By working part-time I am saving on childcare, so I can afford to take lower paid jobs. With two children my childcare costs would be £22,000 a year, so I would need a job at £35,000 a year to make any money'.

'I feel there is no point working full time as it would mean I would have high childcare costs and therefore most of my pay would go towards that. I feel it is better to have the time with my child rather than work to pay someone else to look after him. I'd rather have less disposable income and more time with my family. As long as there is enough to cover the bills, I'm happy'.

'Working Friday, Saturday and Sunday means we never have any weekends or family time together. But it's the only way to avoid childcare costs as I have no family nearby to help. I like my job and enjoy part-time but feel like I now have to work very unsociable hours to avoid childcare. I would prefer normal office hours. I am currently back working the same hours as when I was a student 14 years ago!'

Figure 7: What are the barriers to working full-time? (Please tick all that apply)



There are clear differences in the extent to which mothers feel that the costs of childcare are a barrier to them working longer hours. Among higher income mothers, a third said that the cost of childcare was a problem and the same proportion of the group said that it was financially not worth their while to work full-time. Among low to middle income mothers, close to a half responded in this way and the same two issues proved to be even greater barriers to full-time work for the benefit reliant group. These differences reflect the fact that higher income families

are under less financial pressure than those in the low to middle group and, as higher earners, have greater capacity to cover the costs of childcare.

The other significant barrier identified by survey respondents was the lack of flexibility offered by full-time employment which made it too difficult to juggle work and family commitments. Again this also links to the high costs of childcare. Flexible employment can help parents avoid childcare costs by allowing them to balance caring responsibilities between themselves. But many mothers said that this kind of flexibility was not available. There were particular issues for mothers of school-age children for whom covering the school holidays is a real challenge. There were almost no differences by income group, suggesting that there is a need for greater flexibility across the economy.

'The cost of childcare in the holidays almost makes my work not worth it. Luckily I have an understanding boss. We need more flexible jobs'.

'I have chosen to work part-time but was told I could only go back if I worked four days a week (I would be happier working three days). My husband and I currently both work part-time, four days each so we can share looking after our daughter. We would both have to always work part-time to pay our bills'.

'I am having problems changing the hours I work at the moment to fit into my childcare arrangements. There should be more flexibility for mums with babies and toddlers. Better quality jobs need to be made part-time'.

'My husband and I have decided to both work part-time so that neither has to sacrifice our career. However, it is hard to find jobs that require our qualifications and can be done on a part-time basis. There is an expectation that highly qualified people will work full-time and pay for full-time childcare'.

When asked under what circumstances mothers would be prepared to work full-time, those in the higher income group were more likely to say that they would not under any circumstances work full-time than those in the low to middle and benefit reliant groups. Higher income mothers were less likely to be motivated to increase their hours by better childcare or more flexible employment than mothers in the other groups and were most likely to work full-time only if their financial situation deteriorated. This reflects their relative financial comfort which prevents them from needing to extend their hours. By contrast, mothers in the low to middle and benefit reliant groups were more likely to say that greater job flexibility and more suitable childcare would encourage them to extend their hours. They were less likely to say that they would not work full-time under any circumstances.

Conclusions

Among all income groups, the majority of women with young children working part-time have made a positive choice to do so in order to better balance family commitments with the financial imperative to work and, in some cases, their desire to continue their careers. However, it is clear from the responses that women in the higher income group enjoy greater freedom in the choices they make than those on lower incomes. The financial pressure facing families on below average incomes means that more of them feel that their choices are constrained and would choose to work longer hours if it made more financial sense. As it is, many of them would be no better off if they extended their hours because of the high costs of childcare. Furthermore, the financial need to work means that more of them are forced to take jobs that are below their skill level than women in higher income families.

What emerges from the survey is that women in different income groups face different challenges that need different responses. While those in the higher income group would benefit from more affordable childcare and greater job flexibility, their main challenge is finding part-time work that matches their skill level. This reflects the fact that part-time employment is concentrated in low paid, low skill sectors. Higher skilled jobs tend to be offered on a full-time basis or four days a week. Some respondents said that, while they had wanted to work only three days, their employer would not accept such an arrangement.

For women on low to middle incomes and for those on the lowest incomes, the priorities are different. Their priority is to work longer hours to alleviate the financial pressure on their family budget but they are hampered by the high costs of childcare and the lack of more flexible full-time employment options. While there has been significant growth in flexible employment since the introduction of the right to request in 2003, part-time remains the most common type of flexibility offered by employers.¹⁵ More flexible options that are compatible with longer working

¹⁵ BMRB (2007) *The Third Work-Life Balance Study: Employers' Survey*, Department for Business, Enterprise and Regulatory Reform

hours, for example term-time only, compressed hours and working from home, are less common but would provide mothers with greater opportunities to increase their hours, while still being able to fulfil their family commitments.

Based on the results of this survey, there are three changes that could significantly improve the working lives of mothers with young children: greater access to affordable childcare; access to more flexible employment opportunities; and access to well paid, high skilled employment on a part-time basis. While securing additional investment for childcare is challenging in the current fiscal environment, restoring the pre-April 2011 levels of childcare support through the tax credit system should be a priority when new funding is available. This would significantly improve the work incentives for single parents and second earners on low to middle incomes.

While employers have made significant progress in meeting the needs of employees for flexibility, there is a need to look beyond simply part-time employment to provide a greater range of flexible working options such as compressed hours, home working and term time only hours. These flexible options needs to be offered to fathers as well as mothers to help families as a whole balance work and parenting commitments. In addition, there is a strong economic and business case for employers to develop more part-time employment opportunities at all levels of the workforce not just in low skilled, low paid sectors. This will ensure that women with skills and experience remain in the workforce after they have had children, benefiting household living standards as well as the economy as a whole.



The Resolution Foundation

The Resolution Foundation is an independent research and policy organisation. Our goal is to improve the lives of people with low to middle incomes by delivering change in areas where they are currently disadvantaged. We do this by:

- undertaking research and economic analysis to understand the challenges facing people on a low to middle income;
- developing practical and effective policy proposals; and
- engaging with policy makers and stakeholders to influence decision-making and bring about change.

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