

# Back on Track

Making the most of parents' working lives

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**SMF**

Social Market  
Foundation

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## FOREWORD: Vodafone UK

**By Helen Lamprell, General Counsel & External Affairs Director, Vodafone UK**

Taking a career break to bring up a family shouldn't have to mean giving up a career permanently. As a society, we can and must do more to make it easier for parents to return to work, if they want to. If we are to address the skills shortages many UK businesses face, it's vital that we take action now. But how can policymakers and business leaders ensure we're doing the right things to help more parents back into work?

This report from the Social Market Foundation, supported by Vodafone UK, offers a set of policy recommendations to help answer that question. First, it looks at how becoming a parent affects the career paths of men and women. Next, it identifies the hurdles parents face when making the transition back into work. Many parents worry about how to refresh their skillsets, and whether they will be able to thrive in their careers if they work part-time. Despite having work experience and expertise, they may be overlooked in the recruitment process simply because of a prolonged gap on their CV. That's a missed opportunity for everyone – the parent applying for the role, and the employer looking for talent.

At Vodafone, we are committed to making it easier for parents on a career break to find their way back into work. Last year we launched ReConnect, a recruitment programme that targets returners – people who have left the workplace for several years, who would like to return to work on a full-time or flexible basis. Thanks to ReConnect, which is open to men and women, we have discovered talented professionals whose skills and experience are valuable assets in the workplace. To help more employers set up their own returner programmes, Vodafone recently partnered with the Women's Business Council and Government Equalities Office to publish a Toolkit of best practices.

This report provides a fresh perspective on how policymakers and business leaders can support parents back into work. I hope its insights will help more parents to return to work when the time is right for them.

## FOREWORD: Social Market Foundation

**By James Kirkup, Director, Social Market Foundation**

This report is about parents and work. I use that word “parents” quite deliberately because it encompasses mothers and fathers, women and men. Too often, political and policymaking conversations about these issues focus almost exclusively on women. Some of that focus is necessary and right: as our findings show clearly here, women’s experience of employment is significantly different to, and very often worse than, that of men. For the modern labour market to be fair and thus politically and socially sustainable, that needs to change. The gap must be closed.

But the responses that will be needed can’t just be about women. Frankly, a debate that treats returnships and careers after children as a “women’s issue” lets men off the hook, both in terms of political engagement and practical action in the workplace. Hence our focus here on male experiences and responses to a framework of rules and conventions around work and families that isn’t really working for anyone.

As we argue, improving mothers’ experience of work and improving their career progression cannot be seen in isolation from fathers’ experience. And while we offer several entirely practical steps that policymakers can take to deliver a fairer workplace, there is one in particular that deserves attention: the need to challenge the cultural barriers that can still prevent those men who want to work differently (and thus help women work differently too) actually doing so – or even asking about it.

Dismantling those barriers isn’t, primarily, about new laws or rules or other hard interventions. It’s about leadership and argument and good examples: politicians and employers alike can do more to make it normal and routine for fathers, where they wish to, to work differently. The public accolade we recommend be given to employers with the best record on supporting parents at work is a formal example of an action that could help drive cultural change, but there are many informal acts too. It’s good to see politicians of all parties increasingly engaging with these issues, and we encourage more to do so: as a cross-party think tank rooted firmly in the centre ground, our door is open to anyone in public life who prizes effective policy above ideological purity.

Evidence-based analysis of the labour market experience and practical recommendations to make that market work better for the people in it: this project encapsulates the Social Market Foundation’s approach to public policy and forms part of our work to fulfil our charitable purpose. I am very grateful to Vodafone UK for the support that has made this project possible. All views here are, of course, those of the authors and this is solely the work of the SMF, which retains full editorial independence over its output.

## EXECUTIVE SUMMARY

This report outlines the impact of parenthood on the work outcomes of mothers and fathers. It shows that mothers face a long-term employment penalty, comprising shorter hours and lower hourly earnings. Fathers too struggle to balance their work responsibilities with caring for their family. Supporting parents back into work can help the economy tap into a skilled and under-utilised workforce and thus benefit employers and parents.

The report puts forward new proposals to help parents progress in their occupations and achieve a work-family balance, including:

- Professional and employer bodies should develop ‘keeping in touch’ initiatives for parents taking career breaks so that their professional knowledge, training, and accreditation remains up-to-date.
- Ensuring that there is a wider policy focus on parents with lower skills levels, including introducing apprenticeships reforms so that those returning from a career break can re-train flexibly and part-time.
- Creating a more honest discussion among politicians and employers about the cultural forces which dictate the choices of mothers and fathers, and the benefits to employers of hiring parents.

### The effect of parenthood on work

Our findings highlight that parenthood affects men and women differently:

- A large majority (94%) of women on maternity leave report intending to return to work in the future, expecting on average to return one year after the birth. However, 20% of these mothers did not return to work within a year.
- Women dramatically reduce their working hours after parenthood, whilst men’s mean weekly hours increase after they become fathers.
- After having children, mothers’ hourly earnings grow much slower than fathers’.
- The effect of a career interruption is long-lasting: ten years after they have their first child, mothers still earn much less per hour and work shorter weeks than fathers.
- Fathers can face pressures, such as unsupportive and/or inflexible workplace norms that prevent them from spending as much time caring for their children as they would like to.

This research identifies several barriers which can arise when parents wish to return to work after taking a career break. These barriers stem from individual factors (such as the loss of skills) as well as from management practices and culture. We note here, the variation in business practice and the growing number of employers who are taking an active interest in helping parents return to the labour market. For instance, organisations such as PwC, KPMG, Vodafone, and the civil service, are piloting ‘Returnship’ vacancies, which offer job sharing and part-time opportunities to professionals who wish to return to the workforce.

### Addressing the parenthood penalty

Based on UK evidence as well as conversations with stakeholders, we propose the following policy recommendations to assist parents to return to work and to pursue a productive and fulfilling career and help them balance work with parenthood.

### **Keeping in touch with the labour market and with professions**

Extended career breaks can lead to disconnection from the labour force and a loss of professional networks, professional skills and professional accreditation.

**We recommend:** Professional and employers bodies should run 'Keeping in Touch' programmes to encourage parents on career breaks to retain their CPD and professional accreditation.

### **Re-skilling returners**

It should be made easier for those returning from career breaks to take up an apprentice – this would help people re-build skills lost when away from work and help drive social mobility.

**We recommend:** Returners should be one of the target groups under the Government's widening access policies for apprenticeships. The Institute for Apprenticeships should consider the possibility of developing part-time apprenticeships to returners.

### **Increasing flexible job opportunities**

We recognise that not all jobs are flexible, however employers could be clearer about the level of flexibility available in the role when advertising vacancies.

**We recommend:** The Government should require employers to state explicitly whether they expect roles to be flexible when they advertise jobs so that applicants can make informed decisions. This would build on the current right that employees have to request flexible working.

### **Helping parents make informed decisions**

Parents may struggle to access the best information before and after they take a career break.

**We recommend:** The Behavioural Insights Team should be asked to test the impact of providing better information on balancing a career and childcare on women's rate of returning to work.

**We recommend:** The Government should explore funding free Post-Career Break Reviews for parents who have taken career breaks of five or more years.

### **Recognising achievement among employers on returning rates**

Employers and sector bodies should be encouraged to showcase their best practice and learn from each other.

**We recommend:** The Government should establish an award to recognise the achievements of the best employers who have a good track record on rates of returners. This would incentivise businesses to show off what they do to support returners and those taking career breaks. The Government should also consult on whether and how professional and sectoral bodies could provide information on returner rates in their sectors and reveal which are most open to women returning to work. We recommend that this could be pursued through surveys rather than requiring businesses to collect and report data themselves.

**Shifting the debate**

The 'parent penalty' is felt differently among men and women, but it is also a phenomenon that affects parents from all socio-economic backgrounds.

We recommend: Political and business leaders should talk more honestly about the cultural forces which constrain the choices of mothers and fathers, and the benefits to employers of hiring parents.

We recommend: Returners policy should be viewed as an important social mobility tool. This could help employers achieve gender as well as socio-economic diversity.

## CHAPTER 1: INTRODUCTION

There is growing concern that many parents who leave the labour market to care for a child do so at the expense of their future employment opportunities. Beyond the direct impact on the parent who provides the majority of childcare, there can also be a knock-on effect on their partner; the result often undermines productivity and prevents the economy from operating at full capacity.

This experience is relevant to both men and women. Despite the cultural changes underway, it continues to be felt most directly by mothers. On one hand, women are better qualified than ever before,<sup>1</sup> more women are working, and the gender pay gap has been on a steady decline over the years: the latest estimates amount to 18.4% in 2017.<sup>2</sup> On the other hand, women who interrupt their working lives to care for children continue to be under-utilised across the labour market. There are approximately 96m skilled women aged between 30 and 54 are on career breaks worldwide; of these 55m have experience at middle / senior management.<sup>3</sup>

Addressing the difficulties around returning to work is on the Government's agenda and feeds into current policy concerns:

- The Industrial Strategy reported the UK's disappointing productivity record compared to the other G7 countries.<sup>4</sup> Maximising the contributions to the economy of parents returning from career breaks could play a significant part in driving higher productivity.
- Employers are struggling to recruit talent, despite employment levels being at a record high.<sup>5</sup> After leaving the European Union, UK employers are likely to have access to fewer EU workers, therefore making the most of existing domestic talent will become imperative.
- The Government is committed to reducing gender inequalities throughout the country, including in the workplace, via increasing gender diversity on company boards and within senior leadership in industries. All large employers had to report their gender pay gaps by the end of March 2018.
- The Government is specifically targeting the issue of 'returnees' by setting up a £5m 'Returnship' fund to help those returning to work after long career breaks. The scheme is aimed at both men and women and includes support to refresh skills and re-build professional networks.<sup>6</sup>

### Purpose of this report

The aim of this research is to understand how a career interruption (in order to care for children) affects the type and amount of work undertaken by parents. In particular, we study how employment rates, mode of employment (full-time or part-time), number of hours worked per week, earnings per hour, and monthly pay differ between mothers and fathers, mothers and women with no children, and fathers and men with no children. We also evaluate the long-term effect on mothers ten years after they had their first child.

The analysis highlights the attitudes of first-time mothers on maternity leave towards returning to work, and explores how such intentions vary across occupational groups and prior educational attainment.

This research also identifies barriers which parents might experience when they wish to return to work, and we discuss the employer-side behaviours and perceptions which could limit their future career prospects and progression.

The report concludes with policy recommendations, which build on existing initiatives, evidence from the UK and abroad, and discussions held with stakeholders.

The rest of this report is structured as follows:

- *Chapter 2* presents our analysis and discusses the effects on future work prospects associated with becoming a parent and taking a career break. Details on our research methods can be found in Annex 1.
- *Chapter 3* explores the barriers faced by mothers and fathers before and when/if they return to work and the challenges posed to the progression of their careers and their work-family balance.
- *Chapter 4* outlines our policy recommendations.

## CHAPTER 2: THE EFFECTS OF TAKING A CAREER BREAK ON WORK OUTCOMES AND PROSPECTS

### Summary

This chapter shows that:

- Mothers are far less likely to stay in work than fathers, with only 65% of mothers working three years after they had their last child.
- Most mothers in employment work part-time (55%), compared with only 6% of fathers and 15% of women with no children doing so too.
- Fathers earn more after parenthood, whilst mothers' hourly earnings flat-line.
- A large majority (94%) of women on maternity leave report intending to return to work in the future, expecting on average to return one year after the birth. However, 20% of these mothers did not return to work within a year.
- Long-term (ten-year) labour market outcomes for first-time fathers and mothers diverge significantly: mothers work fewer hours and at a lower hourly rate.

### Introduction

In the UK, more women are at work today than ever before<sup>7</sup>, and mothers with young children are more likely to go back to, or begin, full-time work today than 20 years ago.<sup>8</sup>

However, men continue to outperform women in the labour market. One of the factors contributing to this is the effect of parenthood on the type and amount of work mothers and fathers undertake.

As children are born and parents seek to achieve a good work-family balance, men and women alter their behaviour differently. Women are more likely to downgrade into a lower level occupation in order to focus on caring for children, whereas men often increase the number of hours they work in order to provide more income.<sup>9</sup>

Women continue to be more likely to interrupt their working lives for a longer period of time in order to bring up children. At birth, women in the UK are entitled to a longer period of leave (up to 52 weeks) than fathers (1 to 2 weeks). Whilst Shared Parental Leave has attempted to bridge this gap, take-up is likely to be low.<sup>10</sup> Career interruptions are likely to extend beyond formal leave: over 40% of women and around 2% of men in the UK have taken at least one additional month out of work.<sup>11</sup>

This chapter explores the impact of taking a career break to care for children on the work outcomes of mothers and fathers. The analysis expands to cover the intent of mothers to return to the labour force, and check how realistic such intentions are. We also discuss the effect of fatherhood on men.

### I: Labour market outcomes

#### Methodology

To observe the aggregate effect on work prospects associated with taking a career break due to childcare, we compare the labour market outcomes of two sets of parents.

We study men and women at the year prior to having their first child. We define the group as individuals who had no natural children in the household prior to becoming a parent between 2010 and 2017. At average (mean) age of 29 (for women) and 33 (for men) at the year of birth, our sample is in line with the average age of parents in the wider population.<sup>12</sup>

As our comparison group, we use parents three years after they had their most recent child (born between 2010 and 2014), and did not have any subsequent children in the next two years. The individuals in the sample are older at their respective time of observation than first-time parents: mothers are 34 and fathers are 37. This group tends to have a total of two dependent natural children in the household, which does not differ from the average size of a family in Britain.<sup>13</sup>

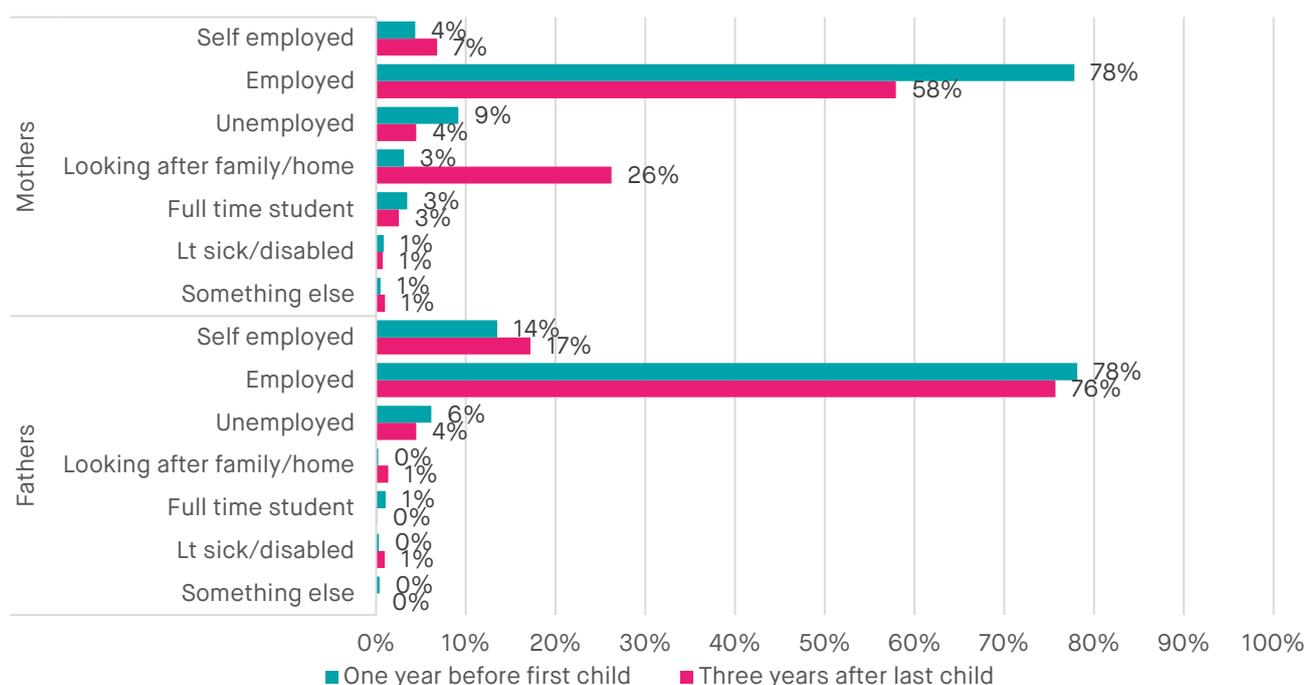
The years in which we could run this analysis were determined by the availability of a derived control variable which marks whether an individual has become a new parent in each wave of Understanding Society data. This variable is recorded from Wave 2 (response period 2010 – 2012) onwards.

In reporting our findings, we draw attention to the fact that the periods over which we observe the two samples is different: 2009 to 2016 versus 2013 to 2017. We have controlled for changes in wages over this period, and we note that employment rates in 2016 and 2017 were slightly higher than in the years 2010 to 2015. We do not attribute the differences in labour market outcomes to be a result of parenthood alone; rather we describe how these outcomes differ between individuals with and without children.

### Mothers less likely to be at work than fathers

Before having their first child, men are more likely to be at work than women, with 92% of men and 82% of women working.

Figure 1: Economic activity



Source: SMF analysis of Understanding Society (Waves 1 – 7)

Comparing men without children to fathers reveals that parenthood does not seem to have a major effect on the male employment rate (92% and 93%, respectively). Survey evidence shows that fathers are more likely to agree that the parent who is paid more should remain in work.<sup>14</sup> As men are older than women at the time of having their first child, and are paid more in the labour market, the prevalence of fathers working full-time could be a result of personal preferences.

In contrast, only 65% of mothers are at work three years after they have their last child; other evidence suggests that women with a youngest child between three and four years-old have the lowest employment rate of all adults in England.<sup>15</sup>

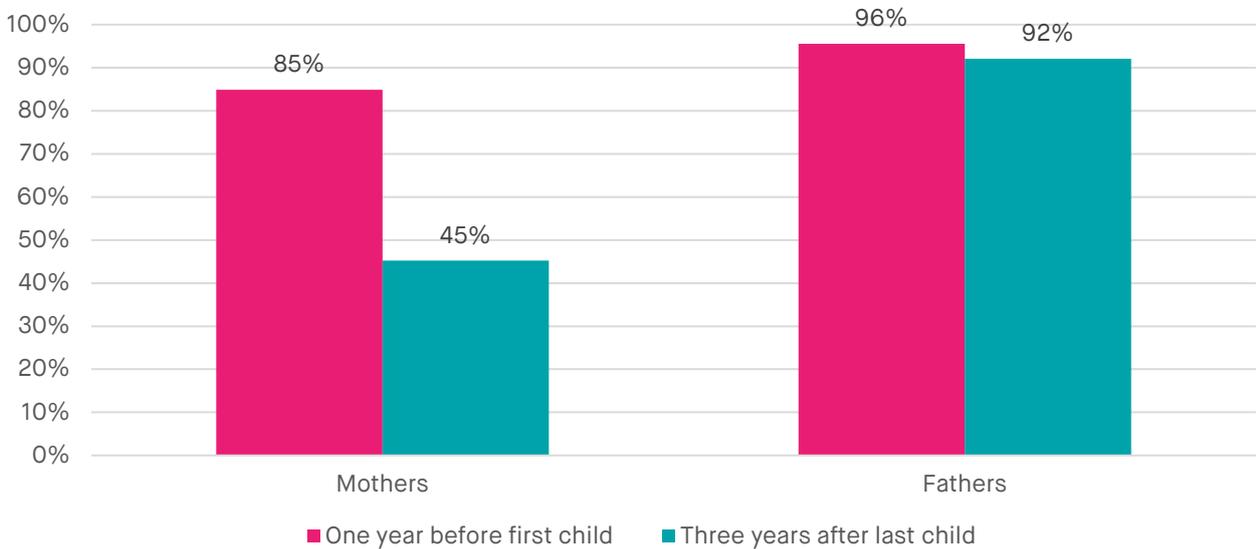
Instead, one in four (26%) of mothers are out of the labour force looking after family and the home. This reflects a situation where women provide more childcare than men: parents in the UK rank low among developed countries when it comes to sharing childcare responsibilities, with men spending 24 minutes caring for children for every hour of care provided by a woman.<sup>16</sup>

**Mothers more likely to work part-time**

Not only are mothers less likely to be employed, but, when working, they are also more likely to be doing so part-time. This is a dominant trend in the wider population, as three times as many women work part-time than men.<sup>17</sup>

Figure 2 shows that most men and women without children were employed full-time: 85% of female employees and 96% of male employees. In contrast, three years after having their last child, more than half (55%) of mothers work part-time; whilst nearly all fathers work full-time (only slightly lower than the proportion of pre-parenthood men).

Figure 2: Employees working full-time



Source: SMF analysis of Understanding Society (Waves 1 – 7)

Working part-time can be a practical choice, and a means of achieving flexibility. Mothers working part-time report being more satisfied with the number of hours they work and their job overall.<sup>18</sup> Additionally, 9 in 10 mothers in England who worked part-time in 2017 report that they do so by choice and do not want a full-time position.<sup>19</sup>

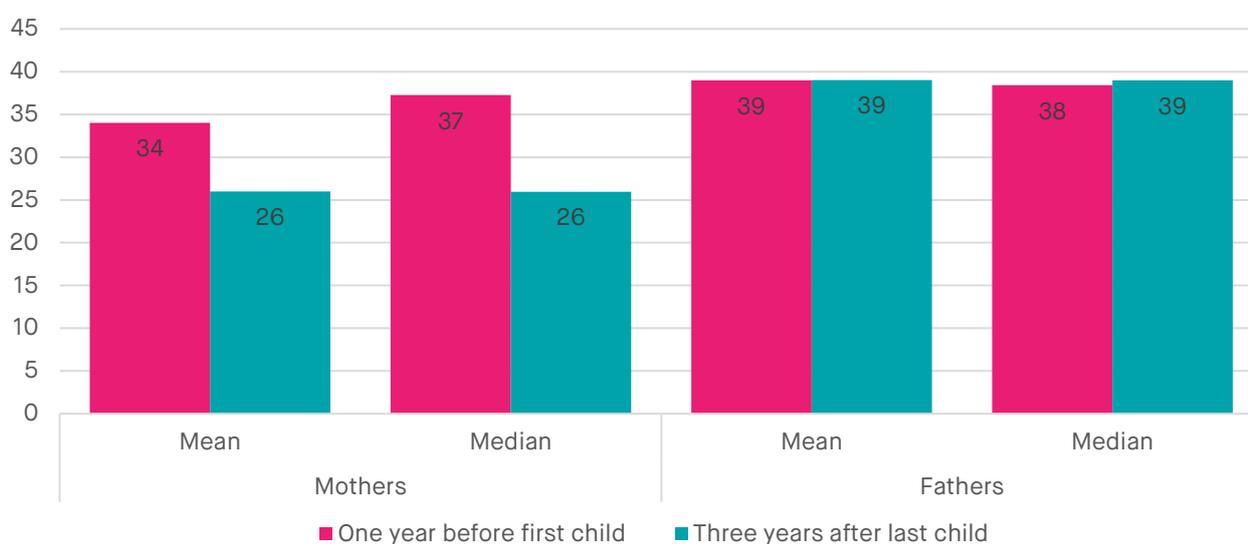
On the other hand, working part-time is associated with lower-skilled and lower-paid jobs.<sup>20</sup> Overall, 65% of professional women who return to the labour force are at risk of facing occupational downgrading.<sup>21</sup>

In our sample, 96% of first-time fathers work full-time, compared to 92% of fathers three years after having a child. Academic research has observed a similar pattern when studying men around the time of the birth of their first child: a slight fall in the proportion of men in full-time work and a marginal rise in the proportion working part-time is recorded, with little change in mode of employment as their children get older.<sup>22</sup> In the wider economy, more fathers with children aged three or four years old work part-time than ten years ago, however this proportion continues to be under 10%.<sup>23</sup>

### Mothers work shorter weeks

Before having their first child, women work two hours less per week than men on average. As shown in Figure 3, this gap widens markedly among parents. On average, first-time mothers work 37 hours weeks prior to having a child, whereas mothers who had their last child three years ago.

Figure 3: Usual number of hours worked per week (employees only)



work 26 hours per week.

Source: SMF analysis of Understanding Society (Waves 1 – 7)

In large part, this is explained by the fact that women are much more likely to work part-time after having a child. However, evidence suggests that mothers working full-time also tend to work fewer hours than similar women without children.<sup>24</sup>

Interestingly, fathers work on average (mean) slightly longer hours compared to pre-parenthood men: 39 versus 38. At a time when there are major time demands on them from their families, men are working longer hours than when they had no dependents. Other research suggests that this is likely to reflect men increasing their hours as they get older rather than simply a fatherhood effect.<sup>25</sup>

### Mothers earn less per hour than fathers

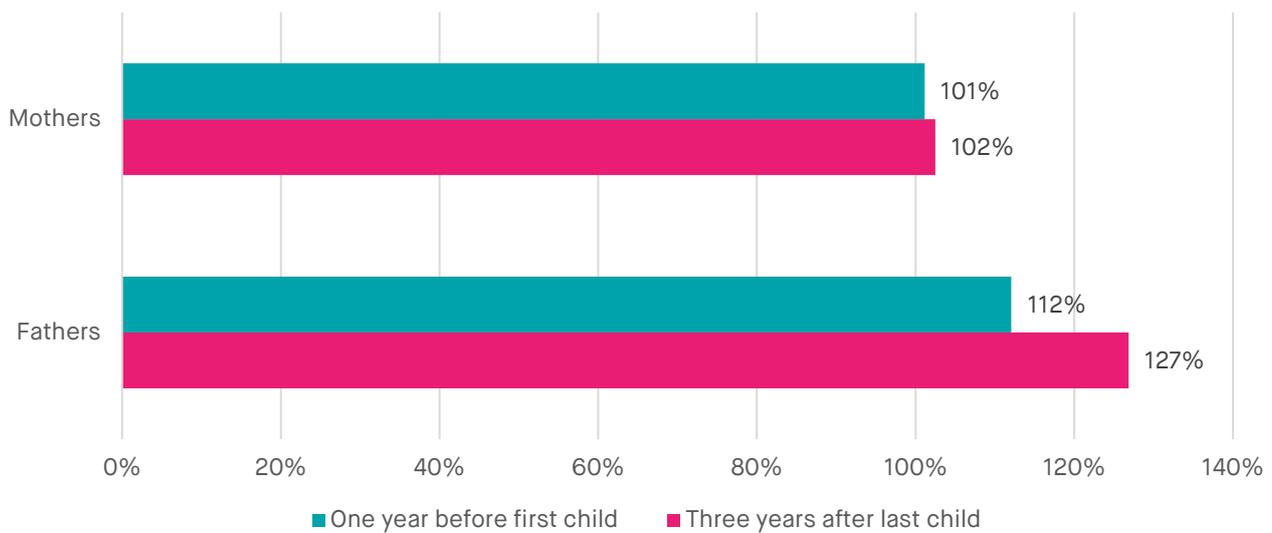
On average, women earn less than men, regardless of whether they are parents or not. This occurs for a variety of reasons including women being underrepresented in top-paid jobs, lower pay growth for women, and differences in work tenure.<sup>26</sup> Having children has been shown to have a diverging effect on the pay of mothers and fathers, thus causing gender wage inequality to be wider amongst parents than non-parents. The IFS estimates that the arrival of the first child is associated with a significant steepening of the wage differential between men and women, which grows and persists as children become older: the pay gap between mothers and fathers is 10% prior to having their first child, and it widens to 30% over the next 13 years.<sup>27</sup> In contrast, the UK average gender pay gap was 18.4% in 2017.<sup>28</sup>

Figure 4 shows that hourly wages (as a percentage of the average wage in the economy for each year of observation) are indeed higher for parents compared to pre-parenthood adults. We would expect wages to be higher for parents in our second sample, as they are older on average than men and women before they had their first child: women are observed at ages 34 and 29, and men at ages 37 and 33, respectively. We note also that men are older on average than women when they have their first child (33 and 29, respectively).

However, the proportional growth in median earnings per hour of women is much smaller than among men. Working mothers earned 2% more per hour than the UK average, compared to women earning 1% above the UK average in the year prior to becoming a parent for the first time. In contrast, fathers earned 27% more per hour than the average worker in the UK. It is likely that this is explained by factors such as mothers providing more childcare and spending less time at work, couples prioritising the career of one parent and cultural attachment to the full-time job.

Additionally, TUC estimates suggest that fathers could be enjoying a wage premium in comparison to men with no children as a result of working longer hours and putting in increased effort at work.<sup>29</sup>

Figure 4: Earnings per hour, as a proportion of the average hourly wage in the UK



Source: SMF analysis of Understanding Society (Waves 1 – 7)

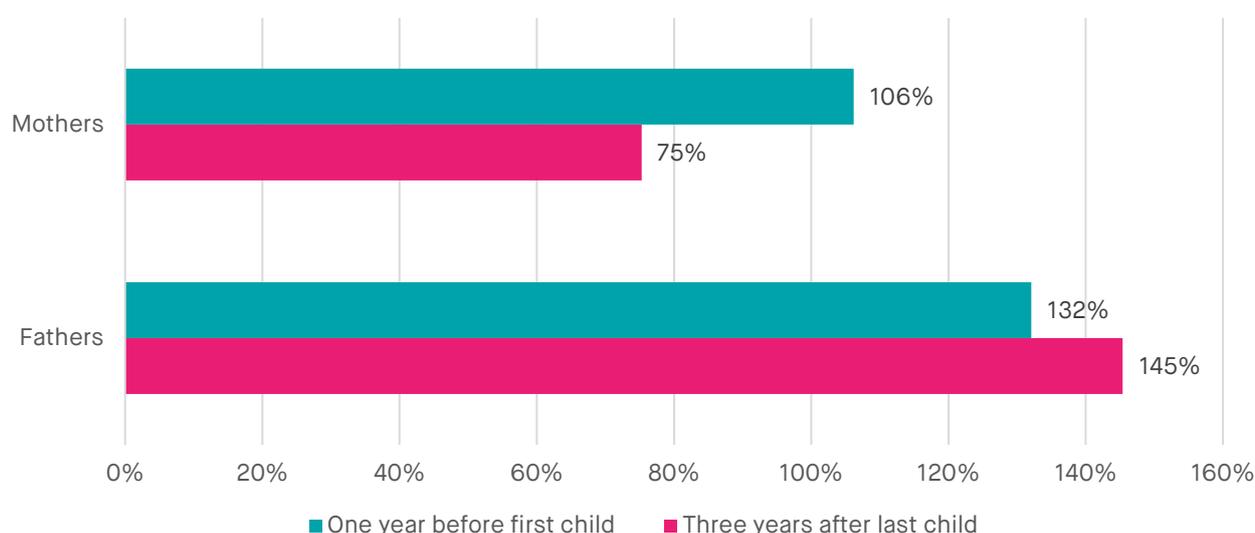
Note: data for employees only

Among women in high-skill occupations who make the switch to part-time work, 43% downgrade if they change employers, in contrast to 13% of those who stay with their current employer.<sup>30</sup> Women working in medium-skill occupations experience downgrading, but at lower rates.<sup>31</sup> Women in managerial positions are also affected, with over three in ten of corporate managers and 47% of managers of shops, salons, and restaurants downgrading.<sup>32</sup>

### Mothers earn less per month than fathers and people without children

Prior to having children, future mothers earn less per month than future fathers: women earn 6% more than the average employee in the UK, whereas men earn 32% more. The gap in monthly pay is persistent, and larger, among parents, with substantially higher gross monthly pay for fathers (45% more than the UK average) and lower income for mothers (who earn 25% less than the UK average).

Figure 5: Monthly gross pay from current job, as a proportion of the average monthly salary in the UK



Source: SMF analysis of Understanding Society (Waves 1 – 7)

Note: data for employees only

Research by PwC suggests addressing the career break penalty could be costing £4,000 on average to a professional woman’s annual earnings, which accounts to a total of £1.7 billion to the UK economy.<sup>33</sup>

In contrast, men do not seem to suffer from a parenthood earnings penalty. Fathers who had their last child three years ago earn more than mothers at either time period (39 percentage points more than women with no children and 70 percentage points more than mothers), and more than men who are about to become fathers for the first time (13 percentage points).

## II: Expectations of returning to work

### Methodology

Our second piece of analysis assesses the attitudes of first-time mothers (who are on formal maternity leave) towards returning to the labour force. We then observe how these women behave after they have had a child.

To do this, we follow mothers longitudinally across three time periods:

- the year before they become mothers for the first time, in order to be able to obtain their status as first-time parents by checking that they have no dependent children in the household,
- the year in which they have their first child,
- and the following year, to check their economic activity post-birth.

Matching the average expected age of their first child at which they wish to go back into work to their labour market status at that time gives us an estimate of how realistic such intentions are.

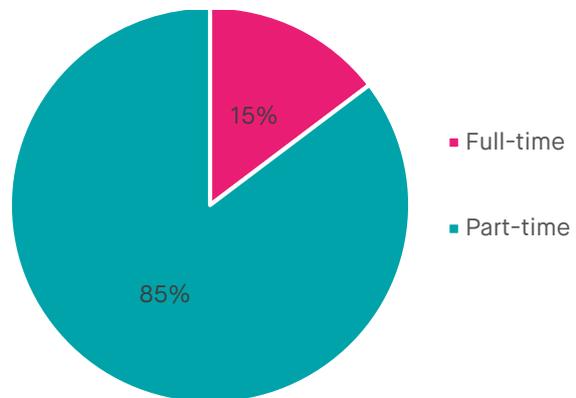
An online survey by PwC and Opportunity Now reports that a majority of non-working mothers (aged 28-40) find it hard to combine caring responsibilities with a successful career and are pessimistic about being able to progress their career as far as they wish, if they were to return to work after childbirth.<sup>34</sup> Nevertheless, the ONS finds that over a half of inactive or unemployed mothers state that they would definitely work in the future.<sup>35</sup>

**Most mothers expect to return to work, on a part-time basis**

We may expect attitudes towards returning to have some bearing on the future outcomes of women. By definition, first-time mothers have not had a career interruption in order to look after children, therefore their plans to return to work can also be seen as a proxy to estimate whether they had anticipated that childcaring responsibilities would have an effect on their job.

In our sample, out of all first-time mothers who went on formal maternity leave,<sup>36</sup> 94% indicated a definite intention to return to work in the future, with an additional 5% reporting that they are uncertain. Predominantly, they prefer to do so on a flexible lower-hour basis, with only 15% wishing to go back into full-time employment straightaway, as illustrated in Figure 6.

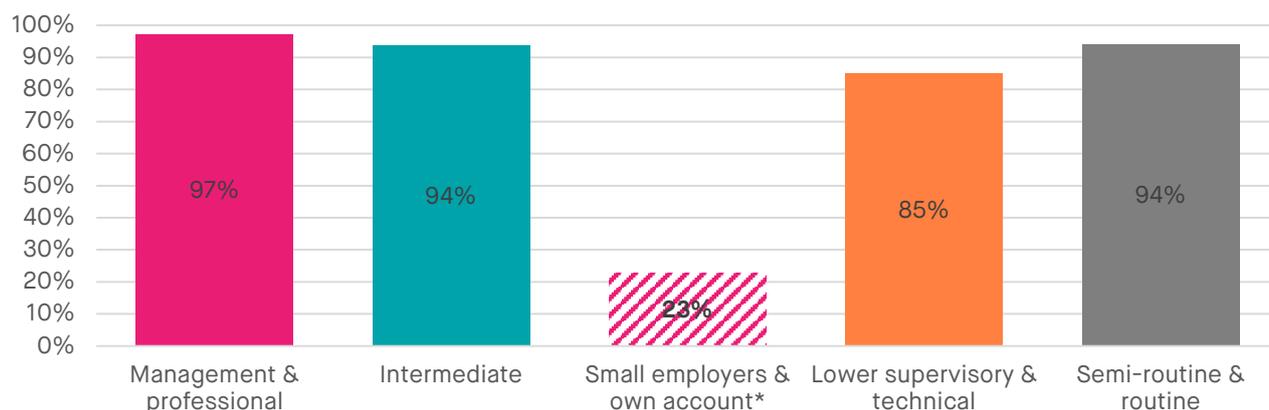
Figure 6: First-time mothers intending to return to work



Source: SMF analysis of Understanding Society (Waves 2 – 7)

Plans to return to employment vary by occupational status. Figure 7 shows that women at the highest end of the occupational ladder are the most likely to say they expect to go back to work, with 97% reporting so. The lowest proportion of women (85%) planning to return to work were employed in lower supervisory and technical jobs in the year prior to welcoming their first child. Separate evidence suggests that women on higher income are also the least likely be willing to return to work full-time than women on middle to low levels of income.<sup>37</sup>

Figure 7: First-time mothers intending to return to work, by socio-economic occupational grade prior to having first child



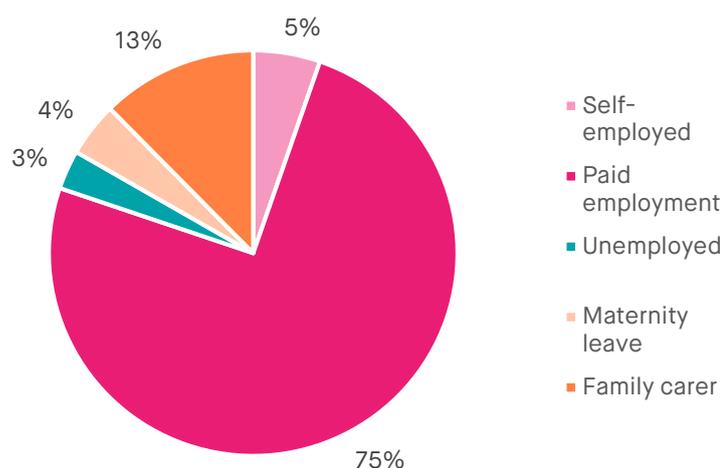
Source: SMF analysis of Understanding Society (Waves 2 – 7)

\* insufficient sample size

### Most mothers return to work 12 months after having their first child

On average, mothers who intend to return to work after they have their first child, expect to be back in work between 10 and 12 months after birth. This expectation is likely to be influenced by the fact that statutory maternity leave lasts 52 weeks. Observing the same set of mothers in 12 months-time<sup>38</sup> reveals that a significant minority did not return to work within a year; 75% were in paid employment, and an additional 5% in self-employment. Suggestive evidence indicates that the availability of flexible working can help women stay in employment after they have their first child.<sup>39</sup>

Figure 8: Economic activity of mothers 12 months after having their first child



Source: SMF analysis of Understanding Society (Waves 1 – 7) of those who indicated some intention to return to the labour market

Of those who had expected to return to work but had not, the majority (13%) were looking after the home or family.

### III: Tracking long-term labour markets for mothers and fathers

#### Methodology

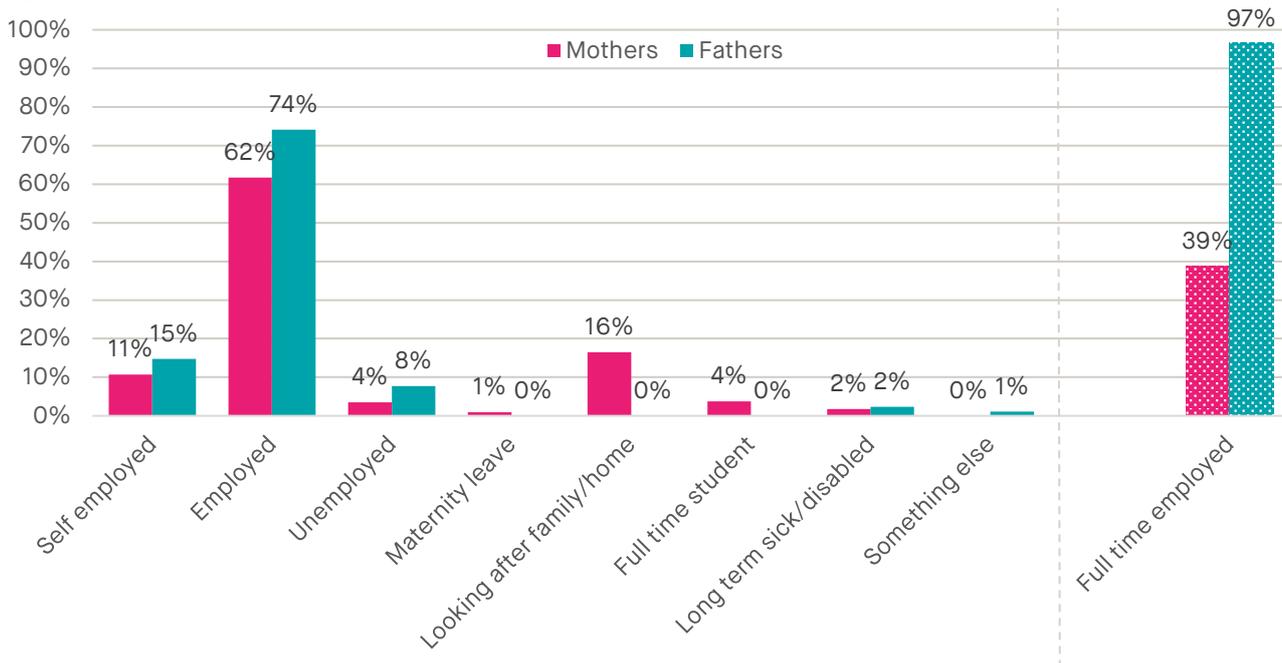
We study the long-term impact of parenthood on labour market outcomes by tracking a set of mothers and fathers ten years after they had their first child.

We study 321 mothers and 274 fathers, who had their first child between 2000 and 2005. The sample only contains men and women who subsequently include their new-born children in their household. To preserve the size of our sample, we do not control for any subsequent children in the ten-year window of observation.

#### Motherhood affects long-term employment outcomes

Following on from our earlier analysis, we now focus on the long-term career prospects of parents. As illustrated in Figure 9, seven in ten (73%) of mothers and nine in ten (89%) of fathers are in work ten years after they have their first child. Mothers continue predominantly to work shorter hours, with six in ten (61%) being employed on a part-time basis. A further one in six of mothers are out of the labour force due to caring responsibilities and/or homemaking. The majority of employed fathers work full-time (97%).

Figure 9: Economic activity of parents 10 years after their first child



Source: SMF analysis of Understanding Society (Waves 1 – 7) & BHPS (Waves 10 - 15)

Note: Economic activity categories Retired, Government training scheme, Unpaid work at family business, and Apprenticeships are excluded from Figure 9 as none of the sample participates in these activities.

Analysing mothers and fathers with dependent children in the household ten years after their first child was born reinforces the findings in the previous sections: the labour market disadvantage experienced by mothers appears to persist for many years. Of those at work (either employed or self-employed), first-time mothers earn 11% less per hour, 19% less per month and work 9% fewer hours per week than first-time fathers, as summarised in Table 1. We

assume this is a compound effect of mothers interrupting their careers to look after children, as well as the consequence of other gender pay inequalities and age-related factors.

**Table 1: Results from regression analyses of parents at work**

First-time mothers	Monthly pay (log)	Earnings per hour (log)	Hours worked (log)
<b>Coefficient</b>	-0.2077 ***	-0.1151**	-0.0907 **
<b>Effect</b>	-0.1879 ***	-0.1086 **	-0.0867 **
<b>R<sup>2</sup></b>	0.6702	0.4860	0.6562

Source: SMF analysis of Understanding Society (Waves 1 – 7) & BHPS (Waves 10 – 15)

Significance: \*\* at 5%, \*\*\* at 1%

Sample: Mothers and fathers at work (employed or self-employed) ten years after having their first child.

Note: Gross monthly pay and earnings per hour figures are adjusted for wage growth.

Note II: Each regression controls for individuals' age (linear and squared), marital status, mode of employment (full time or part time), occupational background (NSSEC 5), highest education qualification, UK region, and size of employer and employment sector ten years after they have their first child.

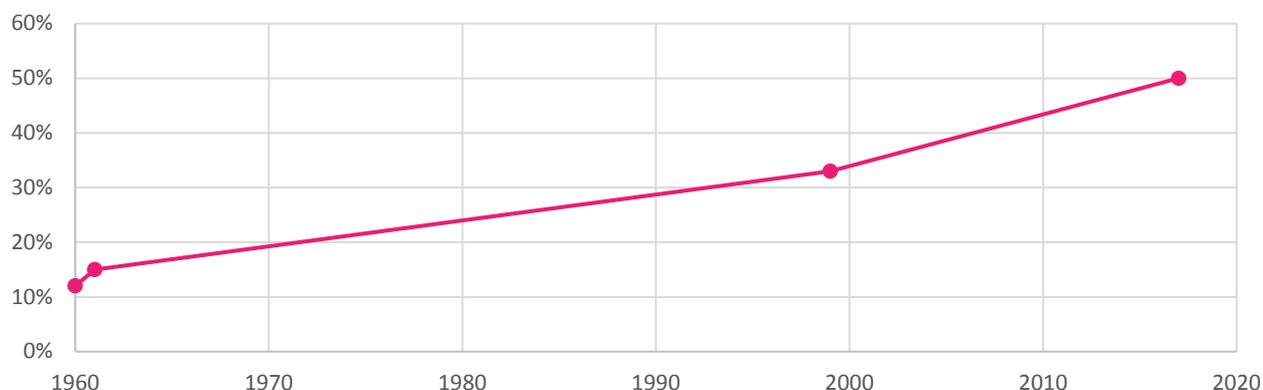
Because a proportion of mothers remain out of the labour market, we also run a regression to estimate the likelihood of women being in work ten years after they have their first child, in comparison to first-time fathers. Our results show that mothers are 12% less likely to be in work, given that they are not long-term ill or disabled. This result is statistically significant (at the 1% significance level).

#### IV: Focusing on fathers

The analysis above reveals that fathers fare better in the labour market than mothers do. However, it is a fallacy to suggest that fathers are unaffected or feel no pressure associated with parenthood: they also feel a squeeze.

Cultural norms favour mothers caring for children while fathers remain at work and are the main provider of income to the household. However, this arrangement is challenged by the changing gender role expectations of younger parents, as well as of wider society. Over the past 50 years, as more mothers return to work after having children, an increasing number of fathers provide childcare. As illustrated in Figure 10, in 2017 fathers spent one half of the time caring for their pre-school children that mothers did; this is an increase from the level of 12%–15% in 1961.<sup>40</sup> In addition, fathers aged between 26 and 35 are found to be much more likely to be involved in school drop-offs and pick-ups than older fathers.<sup>41</sup>

**Figure 10: Time fathers spend caring for a pre-schooler, as a proportion of care provided by mothers**



Source: The Fatherhood Institute<sup>42</sup>

Note: The data reports the proportion of care time spent by fathers as 12% – 15% in 1961; the graph illustrates this as 12% in 1960 and 15% in 1961

Workplace culture has been slow to adapt to these changes in preferences. Research shows that fathers find the workplace environment is often unsupportive and/or inflexible, which prevents them from providing as much childcare or spend as much time with their children as they would like. For example, the Modern Families Index finds that both mothers and fathers think it is more acceptable and expected that mothers rather than fathers should take time out of work if there is a childcare issue.<sup>43</sup> We note that technological solutions in the future should help in this area enabling remote working and more flexible arrangements.

Working full-time and working longer hours may be a necessary counterweight in the household to compensate for mothers earning less. We should note the Modern Families Survey found that that half of fathers report that their work life is becoming increasingly stressful.<sup>44</sup> Meanwhile, 36% of fathers report that they would take a pay cut to achieve a better work-life balance.<sup>45</sup>

When fathers miss out on family time, this can also affect their children. An emerging body of evidence suggests that childhood development and behaviour and later educational attainment might be improved if fathers are more present and/or involved in the bringing up of children.<sup>46</sup>

## CHAPTER 3: BARRIERS TO PARENTS RETURNING TO WORK AND PROGRESSING THEIR CAREERS

### Summary

This chapter describes barriers that affect the ability of parents to balance family and work commitments and pursue productive working lives. On the parent-side, these include: the loss of skills; unavailability of flexible work and the perceptions about their ability to combine part-time work with successful careers.

On the employer side, management culture and practice can reinforce the perception that a good career is only achieved by working full-time; whilst some employers are concerned about gaps in CVs and levels of commitment of returners.

In the last chapter, we discussed the extent to which having a child affects the labour market behaviour and outcomes of men and women. Now we shift our attention to the underlying barriers which affect parents, their working lives and their family-work balance.

### Barriers experienced by parents

The factors affecting parents' return to the labour market are complex. They can include loss of skills, reduced workplace confidence, a lack of knowledge of how to return to work, and other factors. The loss of skills, of professional development and registration can mean that women move into lower-status and lower-paid roles than before they had children. In some cases, parents may wish to change career or to enter different occupations.

Many of the barriers discussed below affect women most directly, as mothers are the more likely parent to interrupt their career to care for children. We recognise that these challenges also have an indirect effect on fathers as families make decisions at the household level rather than on individual level. In addition, norms in the workplace affect both men and women.

#### Loss of skills

Career breaks, both in the form of maternity/paternity leave and caring for a young child, result in atrophy of skills and human capital for parents. Mothers face a double disadvantage as they are more likely to interrupt their careers to care for children and, upon returning to the labour force, they are more likely to downgrade their occupation to a role which requires a lower education and/or skills attainment.<sup>47</sup> While it is easy to overplay this factor in isolation, many returners do require at least an element of retraining, whilst returning to work is also an important moment at which to seek to increase the skill levels in the economy.

Surveys indicate high levels of demand for re-training from mothers. One survey found that 64% of mothers would like to retrain, meanwhile 71% said they would be more likely to retrain if courses were more flexible.<sup>48</sup>

#### Unavailability of flexible work and the 'hours' effect

As already discussed in Chapter 2, mothers who return to the labour force are predominantly likely to do so on a part-time basis, often at a job which requires a lower skill level and offers a low level of pay.

One of the reasons this occurs is due to the unavailability of flexible working arrangements at the level at which women worked prior to having a child: 67% of mothers who work part-time are in occupations for which they are over-qualified.<sup>49</sup> The CIPD has noted that part-time work is often seen as 'career death'.<sup>50</sup>

Academic research highlights that the transition to part-time work after having children intensifies gender segregation in the UK labour market.<sup>51</sup> Working part-time is associated with a limited occupation choice: over time, women returners are highly likely to be employed in administrative, caring, and sales and customer services occupations.<sup>52</sup>

At an aggregate level, occupational downgrading *and* working a lower number of hours leads to a mass under-utilisation of skills and talent across the economy. Analysis by UKCES carried out in 2016 found that this costs the UK economy between 1.3% and 2% of GDP per year.<sup>53</sup>

Fathers too can feel uncomfortable requesting flexible work especially in a context where workplace culture equates professional ambition with a traditional full-time role.<sup>54</sup> Survey evidence shows that fathers often find the culture in their workplace to be unsupportive of their wishes for more childcare responsibilities.<sup>55</sup> Although fathers are likely to be paid more per hour worked than mothers and workers with no children, many fathers report that their job is causing them to experience stress and be unable to find the balance between work and family time.

### **'Sticky' employees**

Anecdotally, we heard that parents may cling to understanding managers and flexible roles when they could be progressing up the ladder. This could hinder potential career progression into a better paid position. It also creates a bottleneck. A Timewise survey of 1,000 part-time workers in 2013 found that 77% reported that the additional difficulties of finding good-quality, openly advertised part-time vacancies makes them feel 'trapped' in their current roles.<sup>56</sup>

### **The role of (maternity) leave**

The availability of maternity leave is advantageous to eligible mothers. An OECD cross-country comparison has found that longer paid leave has a small but positive effect on women's employment rates and the number of hours worked; however, this is the case only as long as leave does not extend beyond two years.<sup>57</sup> On the other hand, provision of paid leave is also associated with a higher gender pay gap. Additional evidence suggests that paid maternity leave increases the time spent out of the labour market initially, but also increases the likelihood that women return to work and improves the likelihood of women returning to the same employer.<sup>58</sup>

During our research, we encountered anecdotal evidence suggesting that a long career interruption could have a number of negative consequences which could hinder the prospects of mothers when they wish to return to work. For example, some mothers may feel a disconnection from the workplace if there are no channels for employees to keep in touch with their employers and managers. Professional networks may be lost. Additionally, some parents may have limited knowledge of how to re-enter the labour force once their career break ends. We propose a set of remedies in the following chapter.

Shared Parental Leave has attempted to bridge the gap in childcare responsibilities and opportunities, by giving parents the option to divide the time spent caring more evenly between mothers and fathers. However, not many families have benefitted as only a low share of parents

are aware of this policy.<sup>59</sup> Expected take-up and eligibility are also likely to be comparatively low.<sup>60</sup>

### **Balancing family care and work**

The problems we identify may also deter parents from taking leave to look after their children and constrain their work and family choices. A survey carried out by London Business School in 2014 found that 70% of professional women admitted they would feel anxious about taking a career break.<sup>61</sup> Parents also frequently take work home to be completed in the evening or over the weekend. The Modern Families Index estimates that 42% of parents do so often or all the time, with fathers being more likely to work in this manner more regularly than mothers.<sup>62</sup>

### **Access to affordable and good-quality childcare**

Problems with the quality, cost, and convenience of childcare result in mothers staying out of the labour market. Caring for children has been found to be the main contributor to women's inactivity due to looking after the family or home: 64% are caring for children below the school age and an additional 22% are caring for other children.<sup>63</sup> The Modern Families Index reports that 23% of parents cited affordability as a barrier to accessing childcare whereas childcare at the right time and being unable to find the appropriate childcare posed a challenge for 6% and 5% of parents, respectively.<sup>64</sup>

### **Employer-side barriers**

A number of barriers to successful return to the labour market for parents derive from employers. Employers' decisions may be influenced by risk aversion, whilst some may overestimate the risk of litigation. Employers taking new hires will have less knowledge and trust of the new recruit than they would of an existing employee. This may make flexible working more problematic.

### **Recruitment bias against returners**

Whilst a majority of employers report that it is in their interest to support pregnant women and those on maternity leave, some employers perceive mothers and mothers-to-be as less dedicated to their jobs than other employees. In particular, 17% of employers report the belief that pregnant women and mothers are less interested in career progression and promotion.<sup>65</sup> An additional 7% did not think that mothers returning from maternity leave were as committed to their job as other members of their team.<sup>66</sup>

Such bias can influence the recruitment process and whether parents face discrimination or disadvantage. A survey commissioned by the Equalities and Human Rights Commission found that three quarters of mothers (77%) reported that they had a negative or possible discriminatory experience during pregnancy, maternity leave, or on return from maternity leave.<sup>67</sup> Recruitment practices can reduce implicit bias via a range of methods such as anonymising CVs, joint assessment of CVs and structured interviews.<sup>68</sup>

### **Poor management culture**

There is an emerging consensus about the importance of line manager behaviour and culture. This can have an effect in multiple ways. Negative attitudes towards workers who opt for flexible working patterns can hamper progression opportunities for both mothers and fathers. Half of

mothers (51%) who had flexible working arrangements report that they felt their request to work flexibly resulted in negative consequences.<sup>69</sup>

We challenge the perception that a good career can only be achieved by working on a full-time basis. Mothers can benefit from part-time jobs by honing the skills they have previously developed whilst bringing up their children; however, this can only happen if women are employed at the appropriate level. It can become easier for fathers to find the balance between work and caring responsibilities if the appropriate flexible working arrangements were available to them without repercussions.

### **The business case for attracting returners**

Many employers already identify supporting mothers and future mothers as an important mechanism to reduce staff retention.<sup>70</sup> The Women's Business Council outlines additional competitive advantages for employers who attract returners such as tackling skills shortages and accessing a high calibre talent pool.<sup>71</sup> As highlighted by techUK, the younger workforce of millennials prioritise employers who are socially responsible and encourage diversity, so supporting returners could have a knock-on effect on the wider quality of applicants wishing to work for these employers.<sup>72</sup> Simply providing these facts to employers could over time result in more interventions to help mothers return to work.

## CHAPTER 4: ADDRESSING THE PARENTHOOD PENALTY

### Summary

Drawing on the analysis presented in previous chapters, as well as evidence from elsewhere and discussions with stakeholders, this chapter puts forward policy proposals, including:

- Political and business leaders should talk more honestly about the cultural forces, such as the idea that someone has to work full-time to pursue a productive career, which constrain the choices of mothers and fathers, and the benefits to employers of hiring parents.
- Employers and professional bodies should run ‘Keeping in Touch’ programmes to encourage parents on career breaks to retain their CPD and professional accreditation. Participation could range from traditional in-person initiatives and training to online networking groups, or a mix of the two.
- Returners should be one of the target groups under the Government’s widening access policies for apprenticeships, and part-time schemes made available.
- The Government should establish a requirement that professions and sectors report on the rates of returning in their parts of the economy.

Chapter 2 demonstrated that there is a significant penalty experienced by mothers. This damages career prospects and incomes at an individual and household level. It also damages productivity in the UK economy. The failure to maximise the contribution of parents is particularly harmful in the context of the UK’s record employment levels.

Chapter 3 showed that the underlying barriers are economic as well as cultural. This chapter seeks to ask: What can we do to help parents return to the labour market and pursue productive, fulfilling and balanced careers?

### Existing policies

Successive governments have sought to address the disadvantages and penalties faced by parents in the labour market. Such measures include the Right to Request Flexible Work, the expansion of free childcare and shared parental leave.<sup>73</sup> It is too early to know the effectiveness of many of these interventions. An evaluation of the Right to Request is expected in 2018 and we propose that this evaluation puts a strong emphasis on the impact on parents returning to work.

However, government policy and employer practice must keep track with societal norms and expectations. Below, we discuss a range of steps that political leaders and policymakers could take to help parents pursue successful careers within the broader context of their caring responsibilities.

### Need to shift the debate among politicians and employers

Our research reveals a significant risk that policy and employer practice lags far behind societal attitudes. Political leaders should be more confident and assertive in discussing the work-family challenges that mothers and fathers face. An honest political debate would help encourage employers to address underlying cultural barriers. We note some important interventions including the announcement of a £5m fund for Returnships and a recent Best Practice Guidance for Returner programmes authored by Timewise and Women Returners and published by the Government Equalities Office. The Women’s and Equalities Select Committee has recently

published an important report setting out potential reforms to help fathers at work. The momentum generated by such work should be continued.

#### **Existing returner schemes and initiatives**

There are a wide range of 'Returner' programmes already being offered by employers in both the private and public sector, aimed at parents who are returning from parental leave or at individuals with a gap in their CVs. These schemes tend to offer a range of support for those returning to work such as re-registering professionals, providing guidance when applying for positions, and offering placements. Expert third party organisations have also evolved to support businesses. Women Returners offer a range of services to returners and to employers, including networking, links to programmes, advice, coaching and other support.<sup>74</sup> Timewise works with employers to promote flexible hiring practices and flexible working arrangements for employees.<sup>75</sup>

Some employers have taken steps to meet the requirements demanded by parents and workers who have interrupted their career. Returnship pilots offering interventions such as job sharing and part-time work are being trialled by employers such as PwC, KPMG, Deloitte, Vodafone, and the civil service. The Women Returners website provides a much fuller list of companies that are offering programmes for returners.<sup>76</sup>

Community-based initiatives are underway such as the Pembury Estate in Hackney which provides childcare facilities, career advice to parents, training, and job interview guidance.<sup>77</sup>

#### **Getting it right for fathers and mothers**

The 'parent penalty' is felt differently among mothers and fathers – among mothers, we observe lower hourly pay, lower hours and lower occupations; among fathers, we observe workplace stress and poor work/family balance.

Political leaders and business leaders must address both. Not least because both are connected. Employers' treatment of men is likely to affect women's ability to return and pursue successful careers and vice versa.<sup>78</sup> Currently there is a self-reinforcing effect whereby lower levels of entitlement (both real and perceived) to leave and flexible working among men is interpreted as a signal that the labour market expects fathers to be working. Similarly, as the OECD notes, more equal take up of parental leave across the genders would equalise the 'risk' to an employer of hiring a man or a woman.<sup>79</sup> Shared Parental Leave is the most significant policy intervention that has recognised the interconnectedness of the challenges facing mothers and fathers.

Getting the balance right in workplaces can be a win-win for mothers and fathers – creating an environment within which mothers can progress their careers whilst enabling fathers to strike a better work-family balance.

- **Recommendation: Political and business leaders should talk more honestly about the cultural forces, such as the idea that someone has to work full-time to pursue a productive career, fathers being expected to work full-time, that constrain the choices of mothers and fathers as well as the benefits to employers of employing parents.**

## Focusing on lower-skilled as well as professional parents

Much of the existing practice that we have encountered through this research has focused on professional women. This is understandable given the fact that here the loss of skills may be the greatest to the employer (and the economy) and the loss of earnings greatest for the family.

The wage disadvantage may be proportionally greater for more highly-skilled mothers, but those with lower-level qualifications also have lower hourly wages if they have moved in and out of work after having children (all other things being equal).<sup>80</sup> This is reinforced by survey research which suggests that workers in certain occupations are particularly susceptible to experiencing disadvantage. For instance, those who work in caring and leisure services are more likely to be forced to leave their job and to feel unsupported by their employer when pregnant.<sup>81</sup>

- **Recommendation: Returners policy should be viewed as an important social mobility tool especially if combined with skills policy, and as an important economic step to make the most of a wider pool of talent. This may help employers achieve gender as well as socio-economic diversity.**

## Re-skilling returners

Parents who take time out of the labour market may need to reskill. This is particularly likely to be the case if they have been out of work for many years or if they wish to switch the sector or occupation in which they work. The speed of technological change means that re-skilling is becoming ever more important.

## Making apprenticeships more suited to returners

Work-placed training is increasingly dominated by apprenticeships as large employers are levied 0.5% of their wage bill to spend on apprenticeship training. This is part of the Government's drive to achieve three million apprenticeships by the end of the decade. However, too few of these programmes are aimed at, or suitable for, returners.

Women and men undertake an even share of all apprenticeships. However, as the Learning and Work Institute and Timewise have argued, apprenticeships are overwhelmingly full-time. The Learning and Work Institute identified a mismatch between employers' and suppliers' understanding of part-time apprenticeships and the demand for such schemes, indicating that information and communication is important.<sup>82</sup>

An evaluation of an apprenticeship programme in Camden Council found that part-time flexible apprenticeships were a useful way of bringing parents back into the workforce.<sup>83</sup> While the schemes were expensive to run and the financial payback was not immediate, the long-term impact on careers and tax receipts was significant.<sup>84</sup> Learning practices which blend online and distance learning with face-to-face learning could provide additional flexibility that could suit those with continuing childcare responsibilities.

- **Recommendation: Returners should be one of the target groups under the Government's widening access policies for apprenticeships. To this end the Institute for Apprenticeships should consider how latent demand for part-time schemes can feed through into supply from employers and providers.**

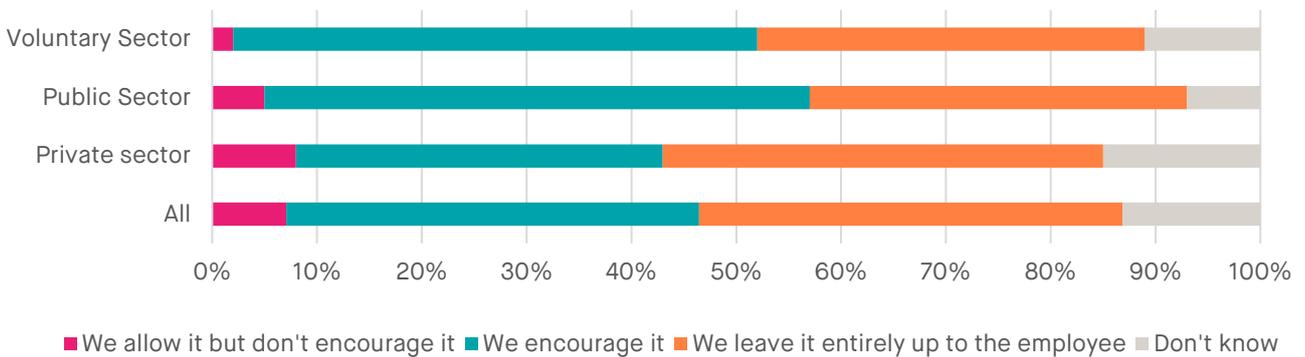
In February 2018, the National Retraining Partnership (NRP) met for the first time bringing together senior government ministers, business leaders and the TUC.<sup>85</sup> The Autumn Budget 2017 announced the NRP as a flagship lifelong learning policy that could promote retraining in priority sectors such as construction and digital skills.<sup>86</sup> The Budget committed an initial £63m to the programme. The NRP could be an important opportunity to provide re-skilling opportunities for returners.

### Keeping in touch with professions

Parents who take career breaks may lose skills, workplace confidence, professional networks and professional accreditation. Helping mothers retain connection to their job, their profession or their networks could help lower the barriers to returning to the labour market.

There is existing provision for ‘Keeping In Touch’ (KIT) days. Under this procedure, employees can work up to 10 days during their parental leave. These days are optional and must be agreed to by both the employee and employer.<sup>87</sup> Many employers offer KIT days, but take-up is low. A survey from the turn of the decade found that 46% of mothers reported that a KIT scheme was available with their employer, but only 13% reported using it.<sup>88</sup> This is likely to stem at least in part from the passive approach of many employers. A 2016 survey of employers by the CIPD found that only four in ten employers encourage women to use KIT days.

Figure 11: Employers’ response to the question: ‘Is it company policy to encourage men and women to take the optional KIT days during maternity, adoption or additional paternity leave?’ (%)



Source: CIPD, LMO Focus, Autumn 2016

Interaction between employers and those on parental leave must be treated cautiously – parents are entitled to their leave without interference or employers imposing requirements on them. However, KIT days could be a principal mechanism of keeping employees in touch with the labour market, whether that is training, confidence, professional networks, CPD or considering options for getting back to work. Employers should not be afraid to encourage greater take-up of mechanisms of KIT, be it in a traditional in-person manner or via using technology and online network groups, or a mixture of the two.

More broadly, we believe that there could be important roles for sector bodies and professional bodies to run their own schemes to encourage and allow parents to retain their professional accreditation. Some employees may be happier to engage with trusted third parties than their employers during their maternity period. Some returner programmes are already putting an emphasis on making re-registration easier for women who have taken career breaks.

- **Recommendation: Sector and professional bodies should run keeping in touch programmes to encourage parents on career breaks to retain their CPD and professional accreditation.**

### Helping parents make informed decisions

Behavioural economics are now being used in a wide range of policy fields to overcome biases that affect individual decision-making. Examples include automatically enrolling workers into pension saving to overcome myopia and short-termism.

We hypothesise that parents' decision-making could be a productive field for behavioural nudges. First, when couples make employment and care decisions they make choices with very long-term consequences for their careers. Given what we know from behavioural science, we might expect parents to choose the most expedient short-term decision and to opt for defaults where they are available, rather than make the most rationale long-term decision. Second, the research findings in Chapter 2 indicate a significant difference between mothers' expectations of returning to work before child birth and their behaviour subsequently. This suggests that parents' awareness of how they will balance child rearing and work are incomplete.

Existing evidence and practice suggests that there may be opportunities to help parents make the best long-term decisions. These would build on proposals that the Behavioural Insights Team has recently published setting out trials that it recommends should be pursued to address pregnancy- and maternity-related discrimination and disadvantage.<sup>89</sup> People's choices are influenced by the choices made by other people around them: parents could be informed that 77% of mothers return to work within two years may help parents think through the choices. Defaults could be switched: Women on maternity leave could opt out of initiatives like KIT days rather than having to opt in.

- **Recommendation: We propose that the Behavioural Insights Team should be commissioned to undertake trials to test the impact of women's rate of returning to the labour market if they have fuller information on the differences between expectations and the reality.**

A common feature of labour market studies is the increasing fluidity of people's careers, the need to adopt new skills, the greater frequency of job changes, and the demands from outside work which may have a long-term impact on careers. This has spurred interest in a range of European countries in the concept of Mid-Life Career Reviews (MCRs).<sup>90</sup> MCRs are organised career advice reviews that individuals are taken through at around the age of 50. The purpose is to encourage people to think about their future career and what steps are needed to make the most of it. We believe that there would be merit in offering similar career reviews to parents who are returning to the labour market after a lengthy career break (minimum of five years).

- **Recommendation: The Government should explore opportunities for offering parents who have taken length career breaks of five years or more a free Post-Career Break Review.**

## Recognising good employer practice and shining a light on rates of returning

Employer behaviour is influenced by their ability to showcase their best practice. Equally, the Government's transparency requirements on gender pay reporting are helping to shine a light on pay inequality between men and women.

We do not believe that additional reporting requirements should be imposed on businesses. Instead, we believe that initiatives should be introduced to encourage employers to publicise their best practice and for sector bodies to gather information on returning rates and opportunities in their areas.

There are a number of successful awards that recognise business achievements and performance, such as The Times Best Companies to Work For. These are opportunities to motivate businesses to improve and showcase their practices as well as to share new approaches. The charity Working Families introduced a new 'Government Equalities Office Best Returner Programme' this year as part of its Best Practice Awards. Building on such initiatives, the Government should consider how best to promote a flagship award for returners.

Evidence indicates that specific professions and sectors may face specific challenges and opportunities to support parents in different ways. These may derive from structural and cultural factors. For instance, mothers report positive experiences if they work in education, public administration, or real estate.<sup>91</sup> Employers in the finance sector are more likely to turn down a flexible working request and have negative attitudes around commitment.<sup>92</sup> A recent review found that nearly half (46%) of women who had worked in medicine described the level of support they received from employers in helping them return to work after their most recent period of Maternity/Paternity/Adoption leave as 'excellent or good', one third (33%) reported it as 'acceptable' and one in five (21%) of women described it as 'poor or very poor'.<sup>93</sup> Additional information on how returning rates vary across sectors and why would help professions and sectors learn from each other.

- **Recommendations: The Government should establish an award to recognise the achievements of the best employers who have a good track record on rates of returners. This would incentivise businesses to show off what they do to support returners and those taking career breaks. The Government should also consult on whether and how professional and sectoral bodies could provide information on returner rates in their sectors, and show which are most open to women returning to work and what practices enable this. We recommend that this could be pursued through one-off surveys run by sector bodies rather than introducing legal requirements on businesses to collect and report data themselves.**

## Increasing flexible job opportunities

### Defining the opportunity

Flexible working comprises a wide range of practices including: working part-time, job-shares, flexible work locations and flexible hours; in short, any deviation from working patterns that are rigidly 9am to 5pm at the employer's premises. This agenda is important for both mothers and fathers.

The Prime Minister has stated the Government's intention to make 'flexible working a reality for all employees' by advertising all jobs as flexible from Day 1, unless there are solid business reasons not to do so.<sup>94</sup>

There is strong demand. Research by the Timewise Foundation found that 70% of women returning to work after having children wanted a job with flexibility and only 13% want a full-time role.<sup>95</sup>

The proportion of workers who claim that they are eligible to flexible working has increased over time. Three in ten employers report that they 'proactively promote flexible working options such as job-share, term-time working and part-time hours to staff' (though the practice is much more common in the public and third sector than it is in the private sector).<sup>96</sup> Modern technology is making it easier for employees to work more flexible hours and/or work remotely away from their job location. However, many men and women still claim to be unable to benefit from it. Mothers lose out because the roles they can return to are more junior or non-existent; fathers lose out if they are stuck within a homogenous working schedule that diminishes their time to function as a good parent. A 2017 survey by Bright Horizons and Working Families found that one in five (20%) of fathers considered their workplace to be unsupportive to their flexible working needs.<sup>97</sup>

Excessive attachment to the traditional 9 to 5, five-day week schedule in the workplace is driven by both management culture and by perceptions among fathers and mothers. The policy intention here is not that all jobs should be flexible jobs, but that all jobs that could be worked flexibly should be open to such practices.

For returners, a particular challenge is that employers often do not provide detailed information on whether they offer flexible working arrangements when they are hiring. Theoretically, competition for skills should drive greater flexibility if this is in demand among job candidates, including information on what flexibility is offered through the job. The Institute for Employment Studies notes that, in some parts of the market, this is starting to occur. However, a study by Timewise of job adverts found that only 12% of vacancies are advertised with some reference to flexible working from the start, either on hours or location.<sup>98</sup> In contrast, a 2014 poll estimated that an additional 8.7 million full-time workers want to work flexibly.<sup>99</sup>

The consequence is that non-working parents are unable to observe the openness of employers to flexible working practices. This is especially problematic given the fact that research suggests that women are more likely to apply for jobs when more information on the role is available.<sup>100</sup>

There are already campaigns and initiatives to increase the proportion of new hires that are advertised as flexible, including the 'Hire Me My Way' campaign.<sup>101</sup> One light-touch mechanism would be to require employers to state explicitly whether they will consider flexible working requests in relation to the job being advertised.

- **Recommendation: The Government should require employers to state explicitly whether they will consider flexible working requests when they advertise jobs.**

## Annex 1: Research methods

Our data analysis comprises three methods using the Understanding Society dataset:

**1. Snapshot comparative analysis of a group of adults just prior to parenthood with a group of adults three years after their last child**

We assess the aggregate impact of parenthood by comparing the labour market outcomes of men and women in the year prior to their having their first child to those of parents three years after the birth of their last child. We compare labour market participation, hours worked, monthly pay, and earnings per hour to evaluate the medium-term effect associated with taking a career break due to parenthood.

**2. Tracking new mothers and whether they fulfil their expectations to return to work**

We study the proportion of first-time mothers (on formal maternity leave) who report an intent to return to the labour market in the future. We follow this group of individuals longitudinally for 12 months (which is the average age of their child at which they are willing to take up a job) and assess how many mothers *do* return to work.

**3. Track first-time parents and observe their long-term labour market outcomes**

This analysis aims to evaluate the persistent impact of taking a career break associated with bringing up children on the number of hours parents work, their monthly pay, and their earnings per hour.

More detail on each methodology is given in Chapter 2 alongside the interpretation of our results.

This research was conducted using data from Understanding Society (Waves 1 to 7, years 2009 to 2017). Longitudinal regression analysis was supplemented with data from the Harmonised British Household Panel Survey (Waves B9 to B16, years 1999 to 2006).<sup>102</sup> All analyses are weighted to control for panel attrition.

All individuals analysed are aged between 16 and 50, inclusively. As such, our estimates might differ from the officially reported national averages of labour market outcomes, which tend to focus on individuals aged 16 to 64. Results represent individuals in the UK.

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