

Newborns and New Schools: Critical Times in Women's Employment

Research carried out at IFS and published today by the Department for Work and Pensions investigates how and when differences in work behaviour between men and women develop, focusing on the evolution of the gender gaps immediately after childbirth and during the initial years of family development.

The study uses a large sample⁴ of families and a comparison sample containing individuals over all stages of the lifetime, including before, throughout and after family formation.

The report concludes that childbirth and a child entering school at age four or five are found to be critical times in women's employment. The main findings are:

- **The arrival of the first child marks a dramatic fall in work participation for women.** Men and women are equally likely to be in work prior to children, but only 64 percent of women with children are in work compared to 89 percent of men living with children. While 90 percent of women are in work in the years immediately prior to the first birth, the work rate for women plummets to a little over 40 percent in the year following the first birth. The proportion working rises to 55 percent in the following year, but only surpasses 60 percent some eight years after the first birth.
- **Approximately half of women return to work within one year of childbirth.** An additional quarter will return within five years after birth, but over 10 percent of mothers will still not have made any return to work by eight years after the birth. Mothers who were working prior to birth return to work more quickly than those who were not working, while mothers of first newborns have shorter absences than those with subsequent births. In addition, mothers with higher levels of qualifications; white mothers; mothers with working partners, mothers with partners with lower earnings; and mothers who were working longer hours or in the public sector prior to birth return more quickly on average.
- **Statutory maternity leave and maternity pay entitlements influence the speed of return to work following childbirth.** These entitlements appear to enable some mothers to take the longer maternity leave they desire, while others find the maternity leave rights sufficiently beneficial to return to work earlier in order to benefit from them.
- **Many mothers do not remain permanently in work following a return after childbirth.** Ten years after birth, 51 percent of mothers have had a subsequent birth, 17 percent have returned to work permanently, 27 percent have returned only temporarily (having spent some time out of work since the return) and 5 percent have not returned at all. Of those who have returned and not had a subsequent birth, only 38 percent have remained permanently in work.
- **A child entering school is a critical time of high turnover in work participation for women.** This period combines unusually high rates of exit from work with unusually high rates of entry into work for women. Between the June prior to school entry and the following September, the aggregate proportion of mothers in work rises slightly from 53 percent to 57 percent, but some 25 percent of those initially not working move into work while 11 percent of those initially working move out of work.
- **The gap between women's and men's wages is much greater in the presence of children.** The hourly wage for female workers is 91 percent of that for male workers prior to childbirth, but is only 67 percent for mothers

relative to fathers with children at home. However, women's relative earning position does *not* suddenly collapse following childbirth: relative wages for women decline steadily following first childbirth, stemming primarily from the accumulation of several periods of unusually low wage growth for women around the critical times of childbirth and school entry.

- **Differences between men and women in other work characteristics also develop around the critical times.** There is a sharp movement into part-time work for women following the first birth: while less than 10 percent of both female and male workers are in part-time employment in the years immediately prior to the first birth, over 60 percent of female workers are in part-time work throughout the ten years following the first birth. There is also a general transition towards non-permanent and non-supervisory roles for women following both childbirth and school entry and a movement towards working at home following childbirth.
- **School entry leads to a shift away from using formal childcare.** Some 54 percent of families with a working mother whose children have not yet started school use some type of formal care, but only 29 percent of families with a working mother used formal care where at least two children had started school.
- **The type of childcare used for pre-school children is related to the likelihood that mothers work after school entry.** Mothers who use only informal types of childcare just prior to school entry are less likely to be in work after school entry than those using some formal types of care. However, this relationship may not be a causal one as mothers with lower labour market attachment may be more likely to use these types of care.
- **Differences in labour market behaviour between men and women persist even after children have grown up or left home.** During this post-children period, women remain less likely to be in work (74 percent of women compared to 84 percent of men); they continue to command lower wages (the average hourly wage for women is 72 percent of that for men); and female workers are more likely to be in part-time work than male workers (36 percent compared to 2 percent).

ENDS

Notes to editors:

1. The research was conducted by Gillian Paull and Mike Brewer at the Institute for Fiscal Studies. The research was based on the secondary analysis of existing data from the Families and Children Study (FACS) and the British Household Panel Survey (BHPS).
2. *Newborns and New Schools: Critical Times in Women's Employment* (report series number 308) is published on 19 January 2006. A summary and a copy of the report is available on the DWP website:<http://www.dwp.gov.uk/asd/asd5>
3. Contact Emma Hyman or Bonnie Brimstone in the IFS press office on 020 7291 4800.
4. The research combines information from two data sources: the first thirteen waves from the British Household Panel Survey (BHPS), covering years 1991 to 2003, and the first five waves from the Families and Children Study (FACS) covering the years 1999 to 2003.