

The rise and rise of women's employment in the UK

IFS Briefing Note BN234

Barra Roantree
Kartik Vira

The rise and rise of women's employment in the UK

Barra Roantree
Kartik Vira

Copy-edited by Judith Payne

Published by

The Institute for Fiscal Studies

ISBN 978-1-911102-85-4

The authors gratefully acknowledge funding from the ESRC Centre for the Microeconomic Analysis of Public Policy based at the Institute for Fiscal Studies (ES/M010147/1) and thank Chris Belfield, Monica Costa Dias, Jonathan Cribb, Paul Johnson and Robert Joyce for their helpful comments.

Data from the Labour Force Survey, the Family Expenditure Survey and its successors (the Expenditure and Food Survey and the Living Costs and Food Survey) are Crown Copyright and reproduced with the permission of the Controller of HMSO and the Queen's Printer for Scotland. The authors are grateful to the Centre for Longitudinal Studies and the UCL Institute of Education for the use of the National Child Development Study (NCDS) and the British Cohort Study (BCS), and to the UK Data Service for making all the data used in this briefing note available. The authors bear entire responsibility for all analysis and interpretation of these data.

Executive summary

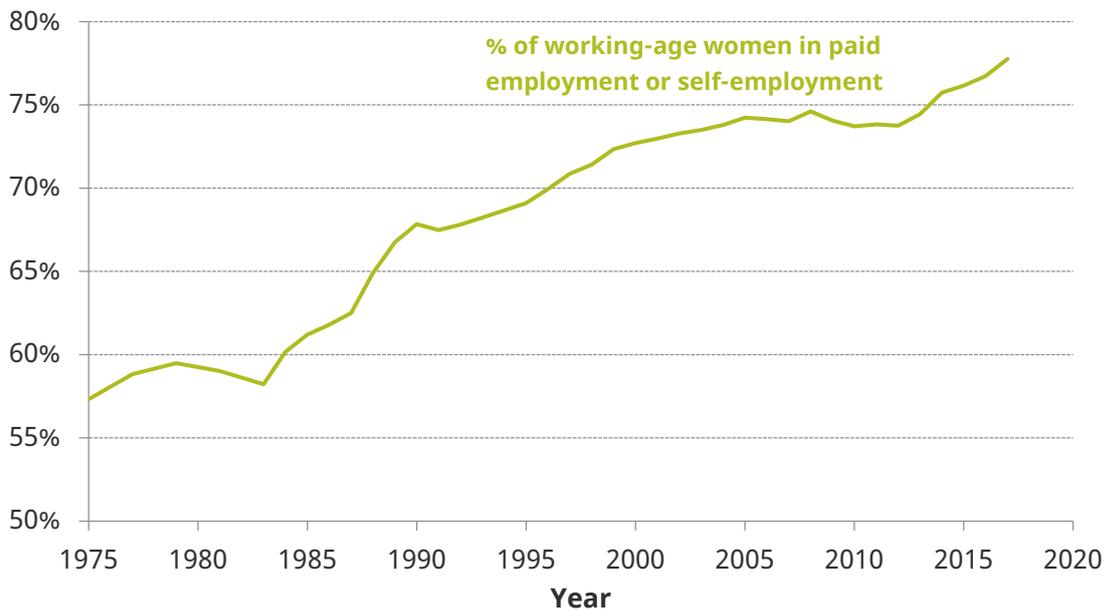
Key findings

1. Over the past 40 years, the UK has seen an almost continual rise in the proportion of women in employment. The employment rate among women of 'prime working age' (aged 25-54) is up from 57% in 1975 to a record high of 78% in 2017.
2. This predominantly reflects an increase in full-time employment, from 29% in 1985 (when data on hours of work began) to 44% in 2017.
3. These aggregate changes are largely the result of a huge change in working patterns at particular points in the life cycle, with far more women in employment over the course of their mid-to-late 20s and early 30s.
4. This is in part because women are now cohabiting and having children both less frequently and later in life. The share of women living with a partner or spouse by age 25 has fallen from more than 80% for women born in the 1940s to less than 60% for women born in the 1970s, while the share of women born in 1975 who had given birth to at least one child by age 25 (31%) is around half that of women born in 1945 (60%).
5. It is also because women are now much less likely to drop out of the labour market around the time they have their first child, and much more likely to stay in paid work in the years following. Whereas only 41% of women born in 1958 were still in work 2 years after the birth of their first child, this figure was 58% for women born in 1970 – even though the employment rates of these cohorts were essentially the same both 5 years before and 10 years after the birth of their first child.
6. This has led to a large rise in the proportion of working-age mothers in paid work: up from 50% in 1975 to 72% in 2015. The rise has been particularly large among lone mothers and mothers of pre-school- and primary-school-age children.
7. Overall, the proportion of couples with children where only one adult works has almost halved (down from 47% in 1975 to 27% in 2015) and the proportion where both work has increased from 49% to 68%.
8. Increases in maternal employment have been largest among the partners of higher-earning men. 40 years ago mothers partnered with men in the bottom and top halves of the male earnings distribution were equally likely to be in paid work themselves, with employment rates of around 60%. Those figures are now around 70% and 80% respectively. In other words, for every additional mother in employment partnered with a lower-earning man, there are around two additional mothers in employment partnered with a higher-earning man.
9. While employment rates for working-age women have risen nationally, London has been overtaken. In 1975, London's employment rate among women aged 25-54 was the highest in the UK, at 63%. By the mid 2000s it had been overtaken by every other region in this respect. Despite strong employment growth in recent years, in 2017 its figure of 74% was the joint-lowest in the UK, together with Northern Ireland.

Over the past 40 years, the UK has seen a sustained rise in the share of working-age women in paid employment or self-employment...

The UK economy looks dramatically different today from how it did in the 1970s. One of the most striking changes in the labour market is the increased share of women in employment. Focusing here and throughout this briefing note on those aged 25–54 (often called the ‘prime working-age’ group) the proportion in paid work (including self-employment) is up from 57% in 1975 to 78% in 2017. As Figure 1 shows, this increase was most rapid over the late 1980s, with the employment rate rising by 10 percentage points between 1983 and 1990 alone. But it has continued rising almost continuously since and is already well above its pre-recession peak.

Figure 1. Employment rate for working-age women over time



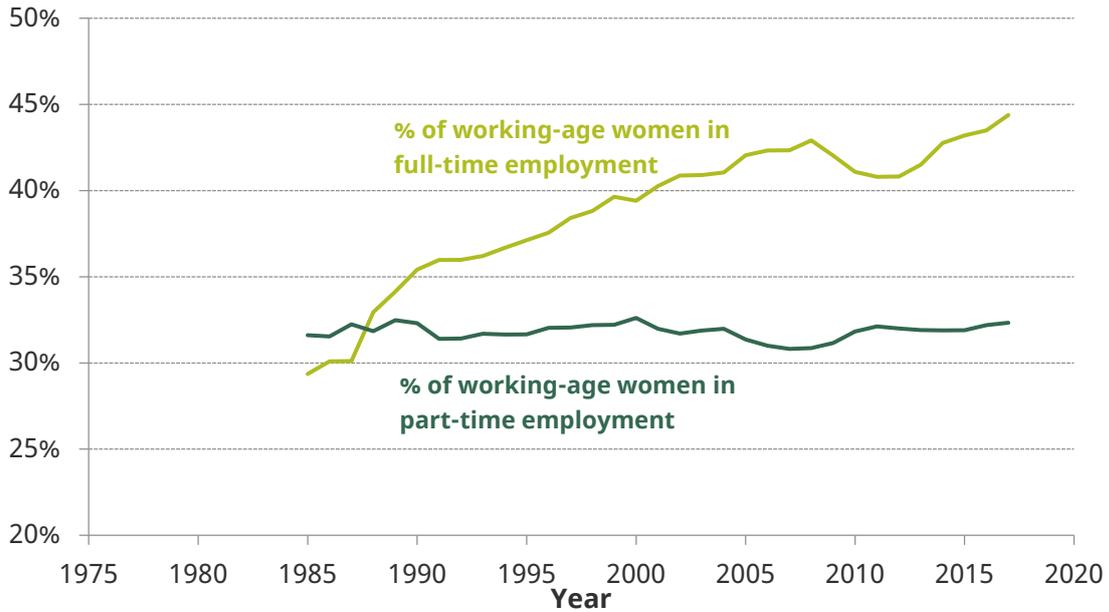
Note: Shows share of women aged 25–54 in either paid employment or self-employment over time.

Source: Authors' calculations using the Labour Force Survey.

... with the increase concentrated in full-time employment

Figure 2 shows that the increase in employment has been most pronounced for full-time work (defined as more than 30 hours per week), rising from 29% in 1985 – when the Labour Force Survey started collecting reliable information on hours of work – to 44% in 2017. The share of women aged 25–54 engaged in part-time work has, by contrast, remained remarkably stable over time, at around a third since 1985.

Figure 2. Employment rate for working-age women over time, by full- and part-time



Note: Full-time defined as working more than 30 hours per week. Restricted to women aged 25–54.

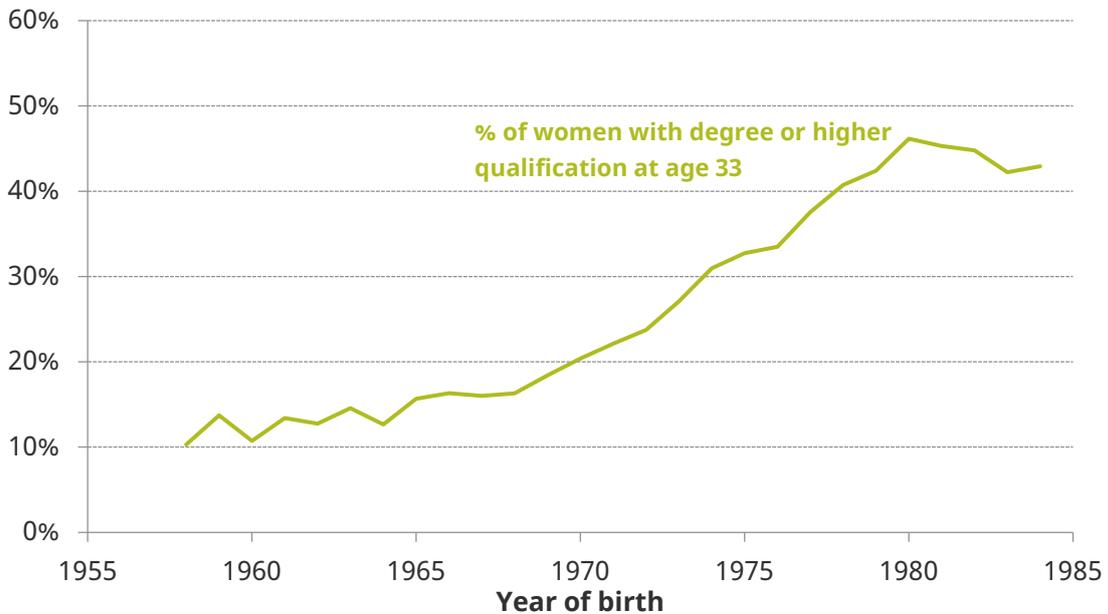
Source: Authors' calculations using the Labour Force Survey.

Rises in women's employment have been partly, but by no means fully, explained by their rising education levels

This increase in employment coincided with a sharp rise in educational attainment among women. Figure 3 shows that whereas only 13% of women born in the early 1960s had obtained a degree or higher qualification by age 33, this figure has risen to more than 45% for women born in the 1980s.

As women with degrees tend to have higher employment rates than those without (83% and 66% respectively in 1992, the first year information on qualifications was reliably collected in the LFS), this rapid increase in education levels partly accounts for the rising employment rate of women over time. However, it falls well short of fully explaining the rise in employment, since employment rates have also increased for women of a given level of education: for example, from 66% to 73% for women without degrees between 1992 and 2017.

Figure 3. Share of women with degree or higher qualification at age 33, by year of birth



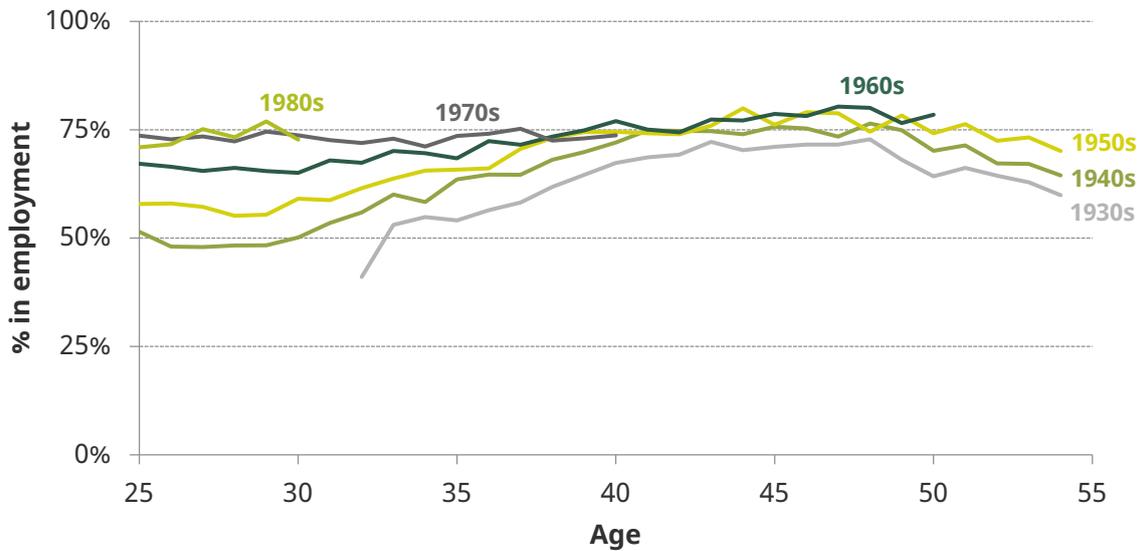
Note: Shows share of women born in given year with degree or higher qualification at age 33.

Source: Authors' calculations using the Labour Force Survey.

Changes in the working patterns of women have been concentrated at a particular point in the life cycle: the mid-to-late 20s and early 30s

A key factor underlying this rise in employment is a dramatic shift in the working patterns of women across the life cycle. Figure 4 plots the employment rate for women by decade of birth and age, showing that younger cohorts – particularly those born since 1960 – are working far more in their mid-to-late 20s and early 30s than previous generations. Figure 5 shows that little of this rise is due to part-time work, with women born in the 1980s around as likely to work part-time aged 30 as those born in the 1940s. Instead, younger cohorts of women are much more likely to be in full-time work at any age.

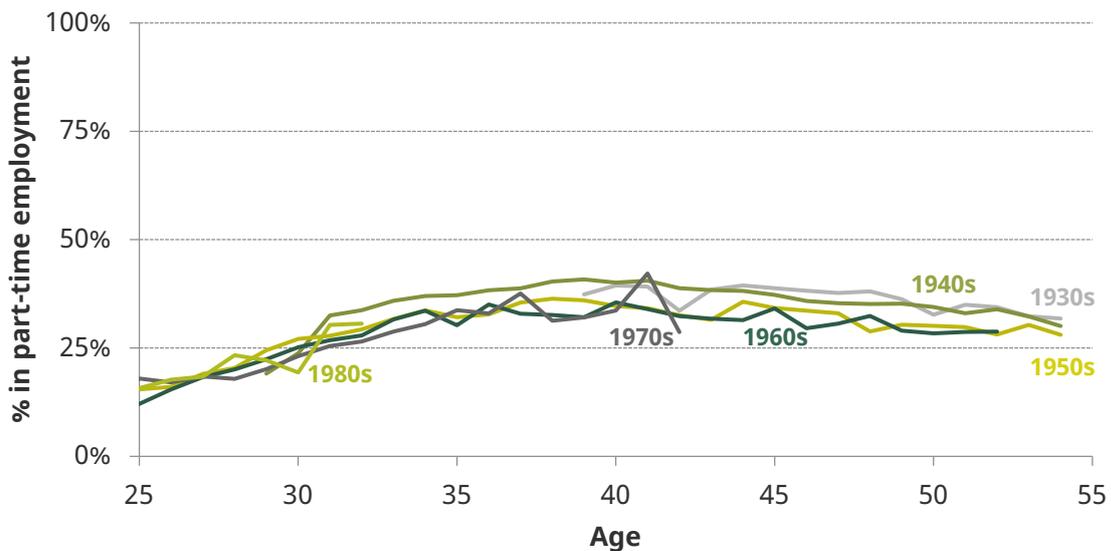
Figure 4. Employment rate of women, by age and decade of birth



Note: Shows share of women in paid employment or self-employment at each age, by decade of birth.

Source: Authors' calculations using the Family Expenditure Survey and its successors.

Figure 5. Part-time employment rate of women, by age and decade of birth



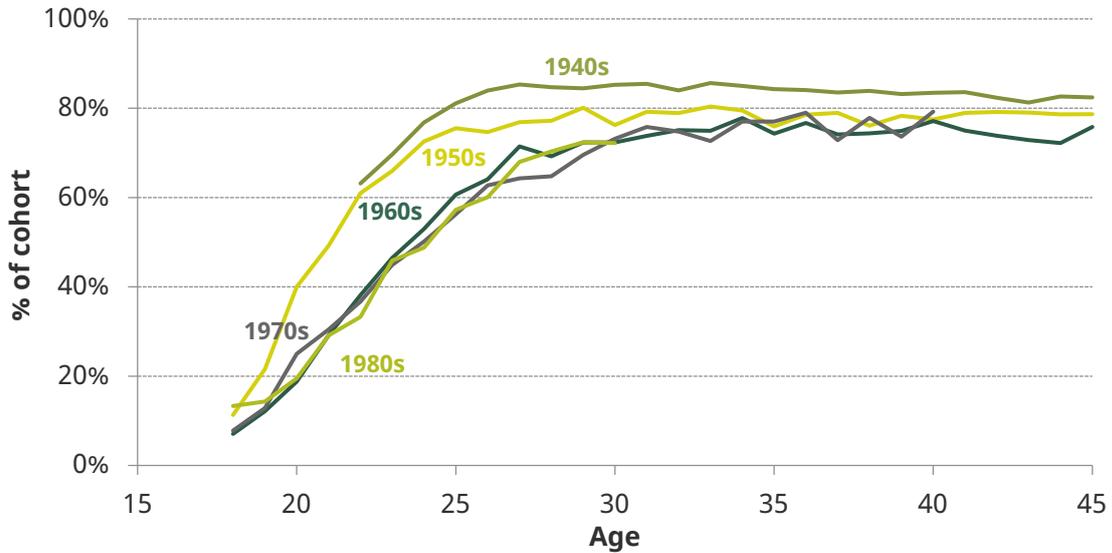
Note: Shows share of women in part-time paid employment or self-employment at each age, by decade of birth.

Source: Authors' calculations using the Family Expenditure Survey and its successors.

This is partly because younger generations of women are cohabiting and starting families less frequently and later in life ...

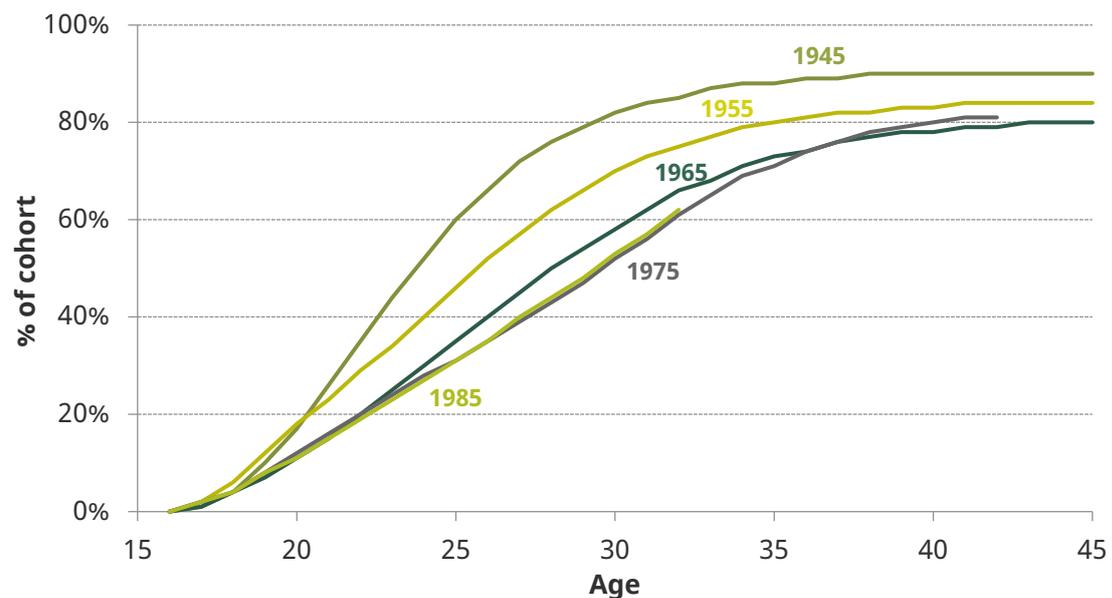
Figure 6 shows that the share of women living with a partner or spouse by age 25 fell from more than 80% for women born in the 1940s to less than 60% for women born in the 1970s. Much of this difference is due to younger generations doing these things later in life: the gap narrows from more than 20 percentage points to less than 5 percentage points by age 40. Similarly, Figure 7 shows that while the share of women born in 1975 who had given birth to at least one child by age 25 (31%) is around half that of women born in 1945 (60%), by age 40 the gap narrows to around 10 percentage points.

Figure 6. Share of women living with a spouse or partner, by age and decade of birth



Source: Authors' calculations using the Family Expenditure Survey and its successors.

Figure 7. Share of women who have had at least one live birth, by age and year of birth



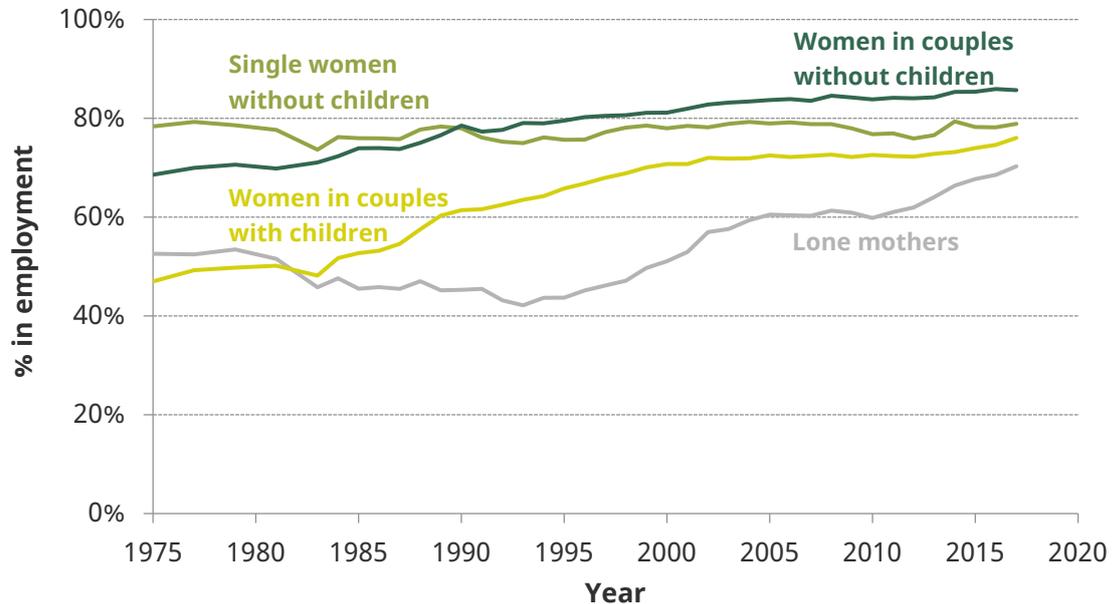
Source: Table 2 in Office for National Statistics 'Childbearing for women born in different years' data set.

... but also because mothers are participating much more in the labour market than they used to ...

All this suggests that younger cohorts of women are deciding to delay the point at which they start a family, and instead continue participating full-time in the labour market well into their late 20s and early 30s.

However, the rise in employment rates for working-age women is not just due to younger cohorts staying single and childless for longer. As Figure 8 shows, the share of women with children who are in employment has risen particularly rapidly, from lows of 48% for mothers with partners in 1983 and 42% for lone mothers in 1993 to 76% and 70% respectively in 2017. Overall, the share of working-age mothers in employment has risen from 50% in 1975 to 72% in 2015.

Figure 8. Employment rate of women, by family type



Note: Shows share of women in each group in either paid employment or self-employment over time. Restricted to women aged 25–54.

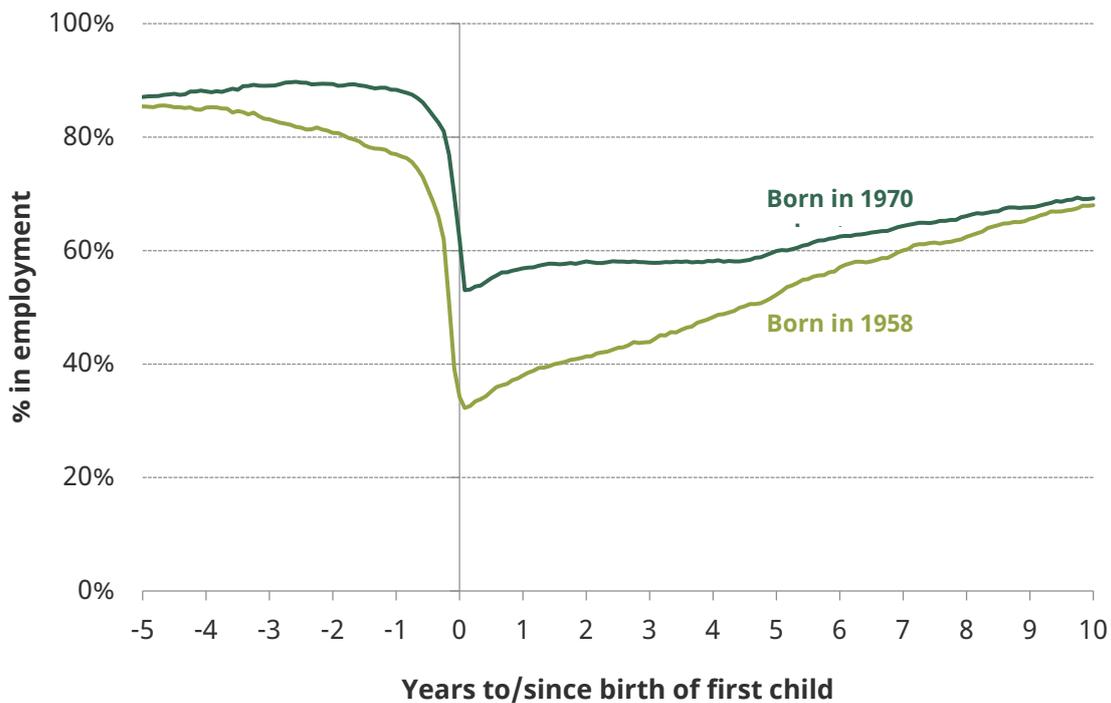
Source: Authors' calculations using the Labour Force Survey.

... with higher employment in the years around the birth of a woman's first child being the biggest difference ...

The most notable change in the working patterns of women who have children is that far fewer now drop out of the labour market around the time they have their first child. We can see this for two specific cohorts who have been followed in large-scale data sets all the way from birth, and whose employment behaviour was therefore tracked both before and after they themselves had children.

Figure 9 shows that women born in 1958 were only half as likely to be in work one year after the birth of their first child as one year before, and that some of them had already begun to move out of paid work in the years leading up to childbirth. In contrast, for women born in 1970 there was no decline in employment in the years before childbirth and only around one-third moved out of paid work when the first child arrived. This, alongside higher prenatal employment rates, results in the 1970 cohort having a much greater likelihood of being in work in the five years following the birth of their first child.

Figure 9. Employment rate of women, around birth of first child



Note: Restricted to women aged 16–45.

Source: Authors' calculations using the National Child Development Study (1958) and the British Cohort Study (1970).

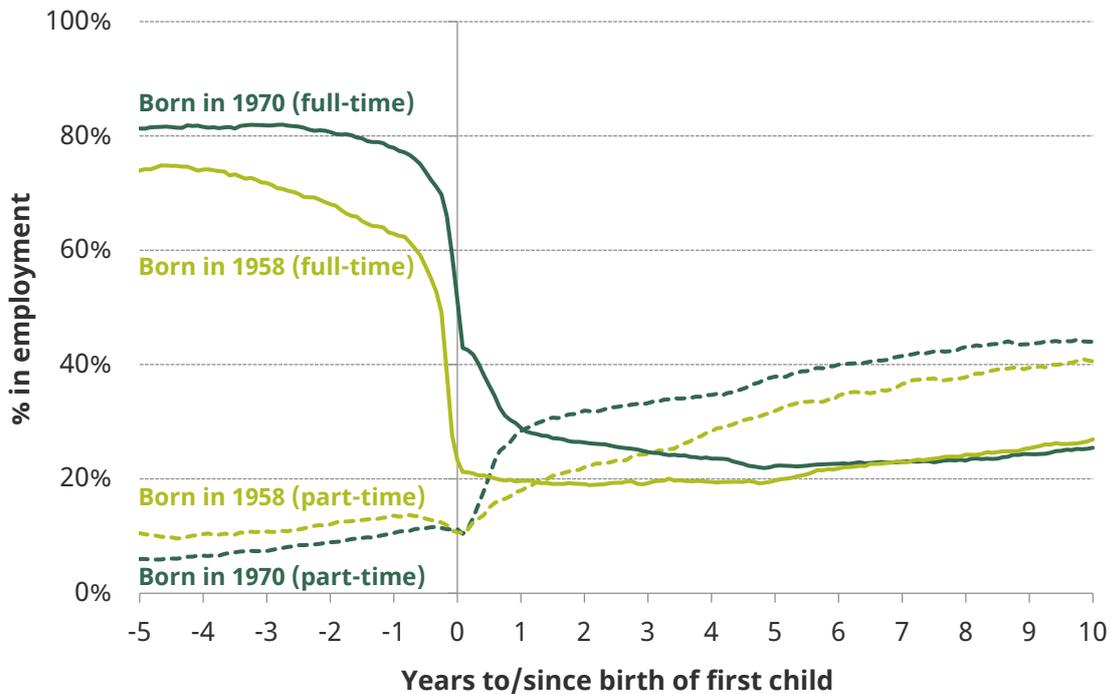
... due to more of both part-time and full-time employment among mothers of young children

Figure 10 shows that the differences in the patterns of full-time work across cohorts are less dramatic. This is because some of the greater attachment to the labour market of the later (1970) cohort came about because they were more likely to switch from full-time to part-time work following the birth of their first child, rather than to leave employment altogether.

Therefore, although we have seen that, overall, the vast majority of the increase in employment has been in full-time work, there has been a rise in part-time employment among mothers with young children.

However, for both full- and part-time work, the gaps in employment rates between the two cohorts diminish over time such that ten years following the birth of their first child, women born in 1958 and 1970 are almost as likely as each other to be in work.

Figure 10. Part- and full-time employment rates of women, around birth of first child



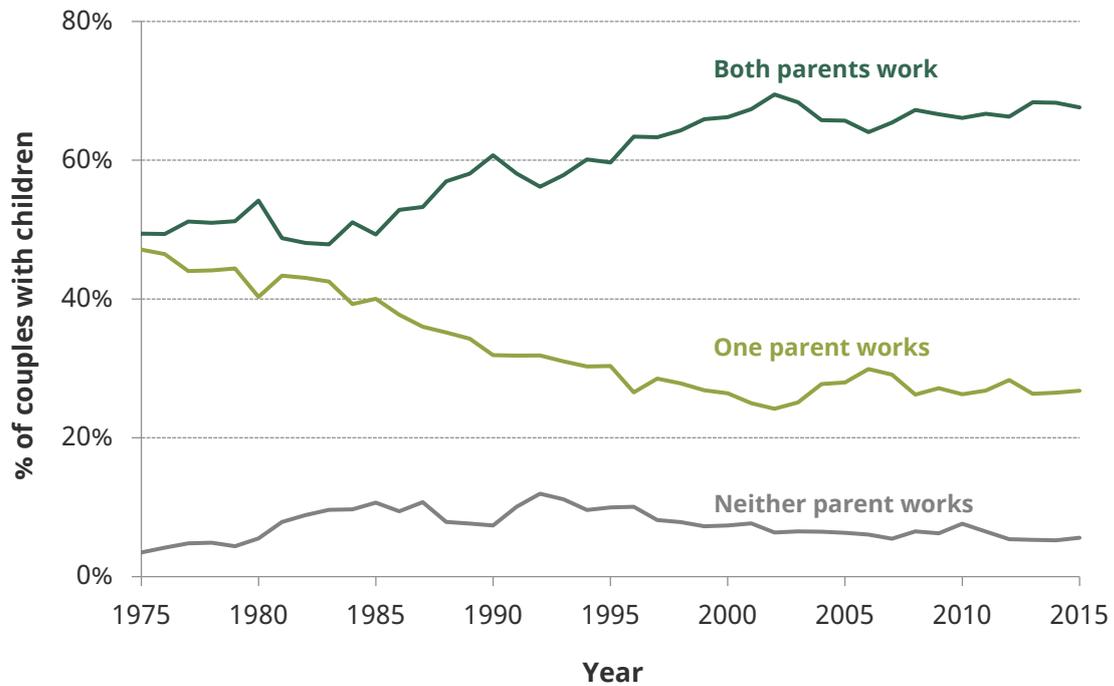
Note: Restricted to women aged 16–45.

Source: Authors' calculations using the National Child Development Study (1958) and British Cohort Study (1970).

These trends have meant a big rise in dual-earning parent families ...

A consequence of these changed employment patterns is that a large majority of couples with children now have both parents in paid work. Figure 11 shows that this share rose from 49% in 1975 to 68% in 2015, with a corresponding decline in couples where only one parent is in work, from 47% to 27% over the same period.

Figure 11. Working status of couples with children, over time



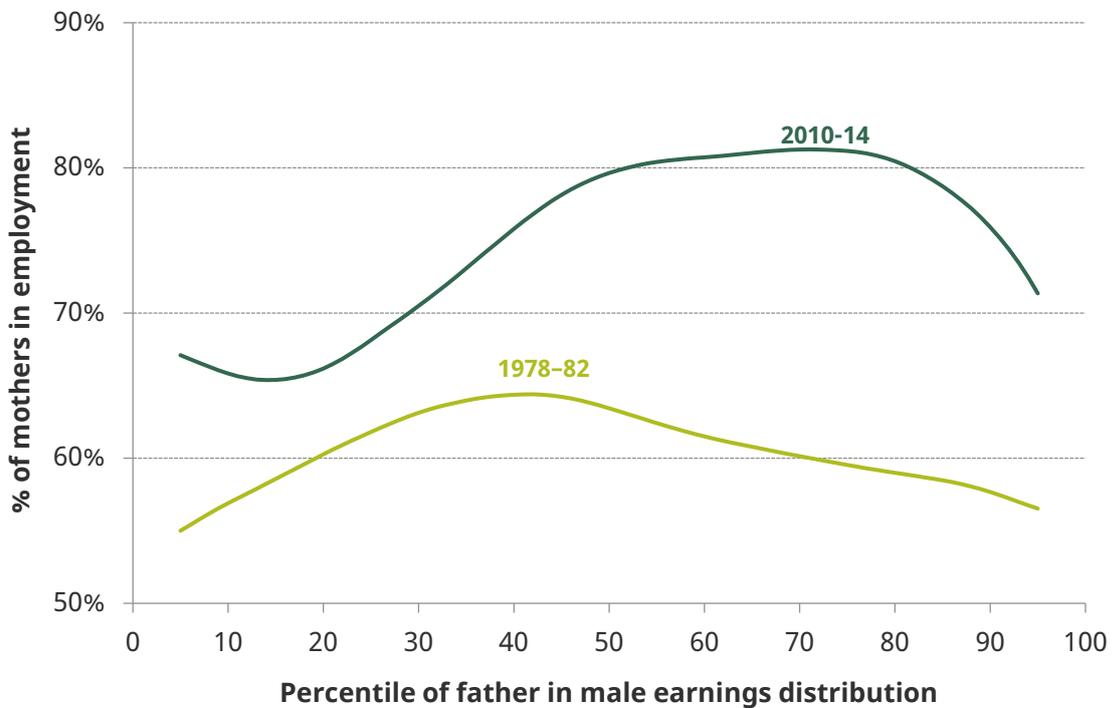
Source: Authors' calculations using the Family Expenditure Survey and its successors.

... disproportionately so in couples containing high-earning fathers

The biggest rises in maternal employment have occurred among the partners of relatively high-earning men. As Figure 12 shows, the partners of fathers in the upper half of the earnings distribution are now the most likely to be employed. This was not previously the case: 40 years ago mothers partnered with men in the bottom and top halves of the male earnings distribution were equally likely to be in paid work themselves, with employment rates of 61% and 60% respectively. Those figures are now 70% and 79%. In other words, for every additional mother in employment partnered with a lower-earning man, there are around two additional mothers in employment partnered with a higher-earning man.

Nevertheless, a clear humped-shaped pattern persists in Figure 12: the probability of mothers being in work initially increases with their partner's earnings before declining among the partners of the very highest-earning men.

Figure 12. Employment rate of mothers by partner's position in earnings distribution



Note: Shows prediction from a locally weighted regression of mother's employment probability by the father's position in the male earnings distribution, truncated at the 5th and 95th percentiles.

Source: Authors' calculations using the Family Expenditure Survey and its successors.

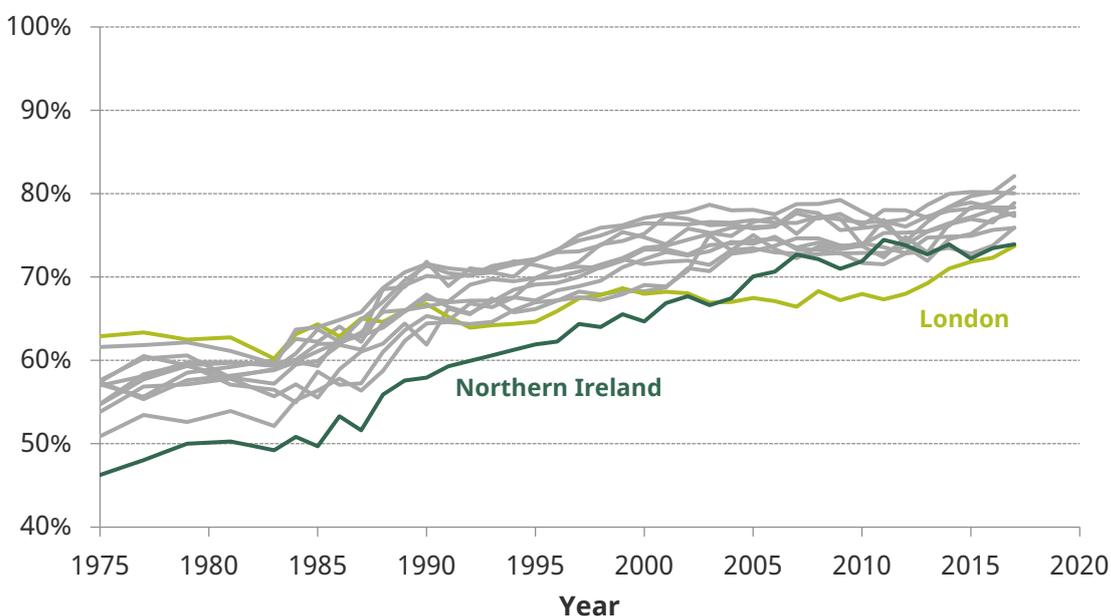
While the employment of women has risen nationally, London has lagged behind

Although most regions in the UK have seen sustained growth in the employment of women, London stands out as an outlier. Figure 13 shows that London had the highest employment rate for women aged 25–54 in 1975, at 63%, but by 2005 had been overtaken by every other region. Even after strong growth in recent years, in 2017 London had the joint-lowest employment rate among women aged 25–54, of 74%.

The main reason for this slower employment growth in London is not rising rates of unemployment among women, but rather a much slower decline than elsewhere in the share of women who report their main economic activity as looking after children or the home.

Participation in these caring activities is much higher for women from certain ethnic minority backgrounds (particularly those from a Pakistani or Bangladeshi background), so increases in the prevalence of these ethnic groups in London can in part explain some of the slower employment growth. However, it does not fully explain it. Had the ethnic composition of each region remained unchanged since 1992 (when the LFS started to record information on ethnicity), London would still have lagged behind the rest of the country in terms of employment rate, by around 3 rather than 5 percentage points in 2017.

Figure 13. Employment rate for working-age women over time, by region



Note: Shows share of women in region aged 25–54 in either paid employment or self-employment over time.

Source: Authors' calculations using the Labour Force Survey.