



The Motherhood Pay Penalty

**Key Findings from TUC/IPPR Research
March 2016**



The motherhood pay penalty

The term “motherhood pay penalty” refers to the pay gap between working mothers and similar women without dependent children. The penalty is neither new, nor is it peculiar to the UK. It has been noted and measured before¹ and it has been found to exist in many countries².

In order to update and further our understanding of the pay penalty associated with motherhood, the TUC commissioned IPPR to carry out new research using the 1970 Birth Cohort Study. Looking at women and men born in 1970, IPPR compared the weekly earnings of those in full-time work at age 42 who had become parents with those who had not.

The key findings in relation to mothers are presented in this TUC briefing.

The full research will be published in a forthcoming Touchstone pamphlet on parenthood and earnings written by IPPR for the TUC later this year.

¹ Walby, 1997 and IPPR 2012

² Rubery and Grimshaw (2015) *The Motherhood Pay Gap: A review of the issues, theory and international evidence* ILO

Key findings

- By the age of 42, mothers who are in full-time work are earning 11 per cent less than full-time women without children.
- When personal characteristics – such as education, region and occupational social class – are controlled for, the motherhood pay penalty for those in full-time work falls to 7 per cent.
- This motherhood pay penalty is entirely associated with mothers who had their first child when they were under 33. The women who became mothers at a younger age earn 15 per cent less than similar full-time women (i.e. those with similar levels of education etc) who hadn't had children by the age of 42. By contrast, mothers whose first birth was at 33 or older experience a wage bonus of 12 per cent compared to similar women who hadn't had children.
- Mothers who were single when they had their first child and who are in full-time work at age 42 were earning less than similar mothers who were in a couple at birth. There is a bonus of 12 per cent for being in a couple when women had their first child.
- There is an overall gender pay gap of 34 per cent for this cohort of full-time workers who were born in 1970. This gap is largely due to the impact of parenthood on earnings – the women earning less and the men earning more after having children. However, it should be noted there is still a significant, if much smaller, gender pay gap between the childless women and men in the 1970 birth cohort too – a 12 per cent gap, compared to 42 per cent between the mothers and fathers.

Conclusions

Motherhood has a significant impact on the pay of some women even when they return to full-time work. Our research has found that this is especially true for those women who had children earlier in their lives.

The difference in earnings that is linked to a mother's age at first birth can probably, partly, be explained by some women having different work histories in the two groups. The mothers in this cohort, who had children later in life and are in full-time work at age 42, will have young children who are still pre-school or primary school age. They are more likely to be those who maintained continuity of employment through the transition to motherhood and they are more likely to be those for whom it made financial sense to return to full-time work when their children were under 5 (for example, because their earnings significantly outstrip the costs of formal childcare).

The mothers who had children at a younger age and are in full-time work at age 42 will have older secondary school age children and this group is likely to include more women who had a significant period of time out of work after having children or had a period of part-time work before returning to full-time work when their children were older. The rate of full-time work among mothers rises when the youngest child reaches secondary school age – around two-fifths of employed mothers work full-time when the children are young compared to around a half who do so when their children reach secondary school.³

However, other research has also highlighted differences between the experiences of younger and older mothers in the workplace. For example, the recent EHRC survey on pregnancy discrimination found that younger mothers were much more likely to report unfair treatment – a fifth said they were dismissed or were treated so badly that they were forced out of their jobs because of pregnancy or maternity leave, compared to 1 in 10 mothers overall.⁴

Furthermore, a government survey of maternity returners found that older mothers and those with longer experience in their previous job were more likely to return to work after maternity leave.⁵ Older mothers were also more likely to take longer maternity leave and were more likely to receive occupational maternity pay from their employers, suggesting they are more supported through the transition to motherhood and are viewed as being more valuable to

³ ONS (2014) *Families in the Labour Market*

⁴ EHRC (2015) *Pregnancy and Maternity-Related Discrimination and Disadvantage First Findings: Surveys of employers and mothers 2015*

⁵ DWP (2011) *Maternity and Paternity Rights Survey and Women Returners Survey 2009/10*
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employers, having achieved a level of seniority and acquired skills and experience that employers want to retain.

This analysis has quantified the motherhood pay penalty for those mothers who have returned to full-time work by their early forties, but this is not the majority of mothers. Women remain the primary care-givers and are far more likely to reduce their working hours after having children than men. Over half of the mothers in this cohort (54 per cent) who were in work at age 42 were in part-time work (compared to just 3 per cent of the fathers and 13 per cent of childless women). These women will experience an additional pay penalty associated with working part-time. According to ONS statistics women working part-time earn 32 per cent less per hour than women working full-time.⁶ Other studies have found that part-time work is associated with low pay and poor progression⁷ and that many women take a lower skilled, part-time job after having children.⁸

Research in America found that changes in work behaviour and time out of the labour market may explain some of the motherhood pay penalty but the majority is unexplained. Similarly, it found only a small proportion of the wage bonus for fathers compared to childless men could be explained by increased work effort.⁹

This suggests that cultural factors – negative views of women’s commitment to work after having children and positive views of fathers in the workplace, probably associated with the traditional male breadwinner role – are at play too.

⁶ ONS (2015) *Annual Survey of Hours and Earnings 2015*. This is based on a comparison of the median hourly pay rate excluding overtime for part-time women compared to full-time women.

⁷ D’Arcy and Hurrell (2014) *Escape Plan: Understanding who progresses from low pay and who gets stuck*

⁸ Alakeson V (2012) *The Price Of Motherhood: women and part-time work*

⁹ Budig A (2014) *The Fatherhood Bonus and the Motherhood Penalty: Parenthood and the gender gap in pay*

Recommendations

Equal parenting

We need to enable more equal parenting roles so that women are not so held back at work. The introduction of shared parental leave was a step towards this but because of the poor pay and restrictive eligibility requirements for fathers it is likely to have limited impact. We need some better paid, fathers' only (rather than shared) leave.

More affordable childcare

In particular, extending free childcare provision so that applied from the end of maternity leave would help minimise the penalty for mothers who are single at the point of birth and for younger mothers with less seniority and lower pay to maintain employment.

Greater access to flexible working

We need better quality part-time and flexible job opportunities – only 6 per cent of jobs with a full-time equivalent salary of £19,500 are advertised as being available on a flexible or part-time basis.¹⁰ This would maintain mothers' attachment to the labour market, improve their chances of progressing at work and could facilitate a return to full-time work when children are older. Part-time work is still associated with low pay and mothers working part-time tend to get stuck in low-paid roles. The UK also has comparatively low transition rates from part-time work to full-time work, particularly for women.¹¹

Tackling pregnancy discrimination and ending Employment Tribunal fees

More must be done to ensure all women are supported in the workplace and do not experience discrimination linked to pregnancy and childbirth. For example, the government should remove the high fees and extend the time that new mothers have to bring employment tribunal claims from 3 months to 6 months to ensure better access to justice for those who are poorly treated.

Shining a light on the part-time pay penalty

The new gender pay gap reporting regulations should also include a requirement for employers to publish part-time pay penalty information and encourage reporting on the proportion of women returning from maternity leave and remaining in post one year on. This would encourage employers to consider what they can do to minimise the long-term impact of motherhood and working part-time on women's pay.

¹⁰ Stewart and Bivand (2016), How flexible hiring could improve business performance and living standards, (JRF/Timewise)

¹¹ Thompson and Hatfield (2015) *Employee Progression In European Labour Markets* (IPPR)
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