The Women's Business Council:

Getting On and Branching Out Evidence Paper:

Transitions in work, flexible working and maternity

Summary

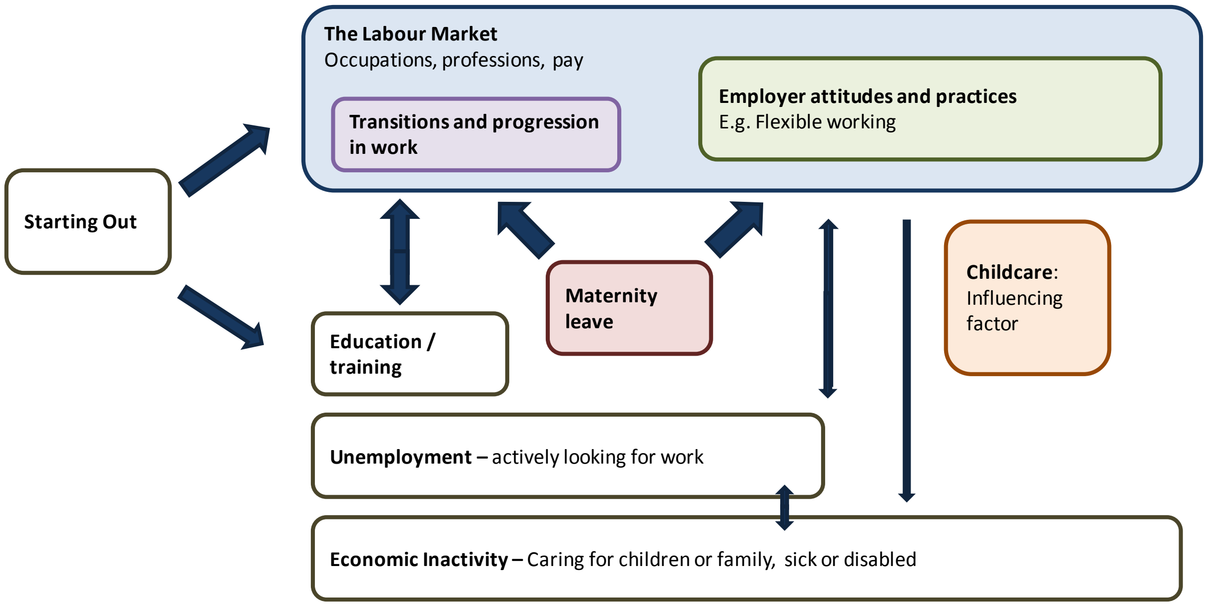
There are significant differences in the career trajectories that women and men follow over the life-cycle and in this paper we discuss the evidence base surrounding some of the facilitators and barriers to progression and retention, with particular focus on flexible working and maternity.

Provision of Flexible working has grown in recent years, and the employers who use flexible working report clear benefits – including staff retention and engagement.

There is evidence that many small and medium sized enterprises hold negative views about dealing with maternity. Most women return to work following maternity leave, but about a third face a downward shift in status. Planning by mothers and support from the workplace are significant factors in whether a mother returns to work.

In *Starting Out*, we concluded with the transition into the labour market, with women entering their first job. At this point in time, we know that there are more female graduates than male, and that full-time women employees are earning slightly more than men aged 22-29[1]. Annex A provides a summary of the occupations that young women and men currently work in – in summary, young women are far more likely than men to enter into administrative jobs, caring jobs, health and education, whilst young men are found more in elementary occupations (e.g. low-skilled construction and distribution jobs), skilled trades and science and technology professions.

Figure 1: Getting On and Branching Out Summary



Transitions and progression in work

Where you start out in work can have important implications, because progression from low-paid work into high-paid work is rare, and upward occupational mobility is more common for men than for women[2]. There is also evidence to suggest that entering into low level jobs at the beginning of a career is more likely to represent a trap for women, whilst for men it is more likely to be a stepping stone to more favourable positions[3].

When you start also matters. In the short-term, the conditions in the economy will shape the availability of jobs in different sectors; cohort studies also suggest that people who enter the labour market during a recession face worse long-term outcomes[4]. In the longer-term, young women moving into work now are entering a different labour market to that a few decades ago – women's employment has grown significantly (up from 53% in 1971 to 66% now[5]) and there is greater access for women into many professions. **Attitudes to women and work are also changing over time** – for example, in 1989 a third of men agreed with the statement "a man's job is to earn money; a women's job is to look after the home and family". This proportion has halved, and stood at 17% in 2008[6].

There have therefore been a narrowing of gender differences – the employment rate gap has narrowed, the gender pay gap has narrowed and women's skills have risen faster than men in the last two decades (partly due to greater educational attainment and partly because women are more likely to engage in training at work[7]), narrowing the gender skills gap. However, gender gaps still remain and this paper discusses some of the possible barriers and facilitators to women's progression in work.

Box 1: Caring by choice

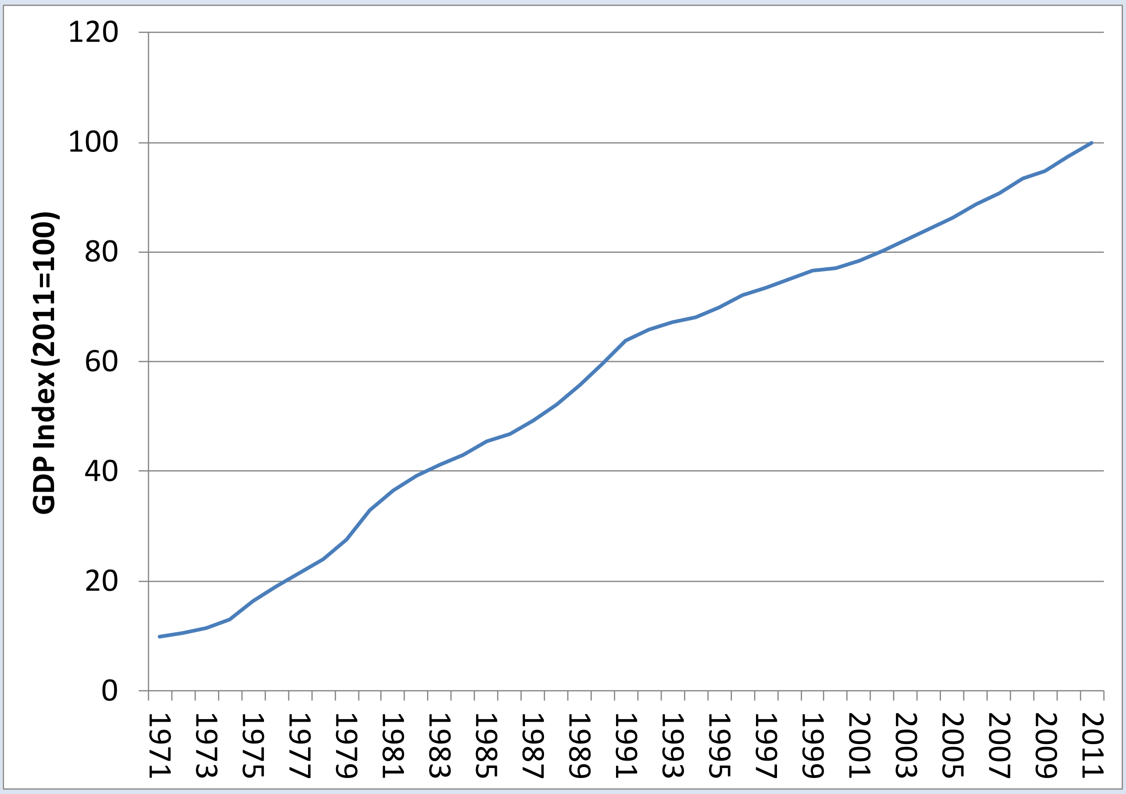
Some parents choose to stay at home, whilst others will try to balance working and care. Whilst the number of parents staying at home to look after family has fallen, there are still over 2 million women and 200,000 men who are not working in order to look after family.

If all women's and men's childcare and work in the home were valued at market prices, it would equal about 50% of current GDP[8].

Box 2: Women's economic participation

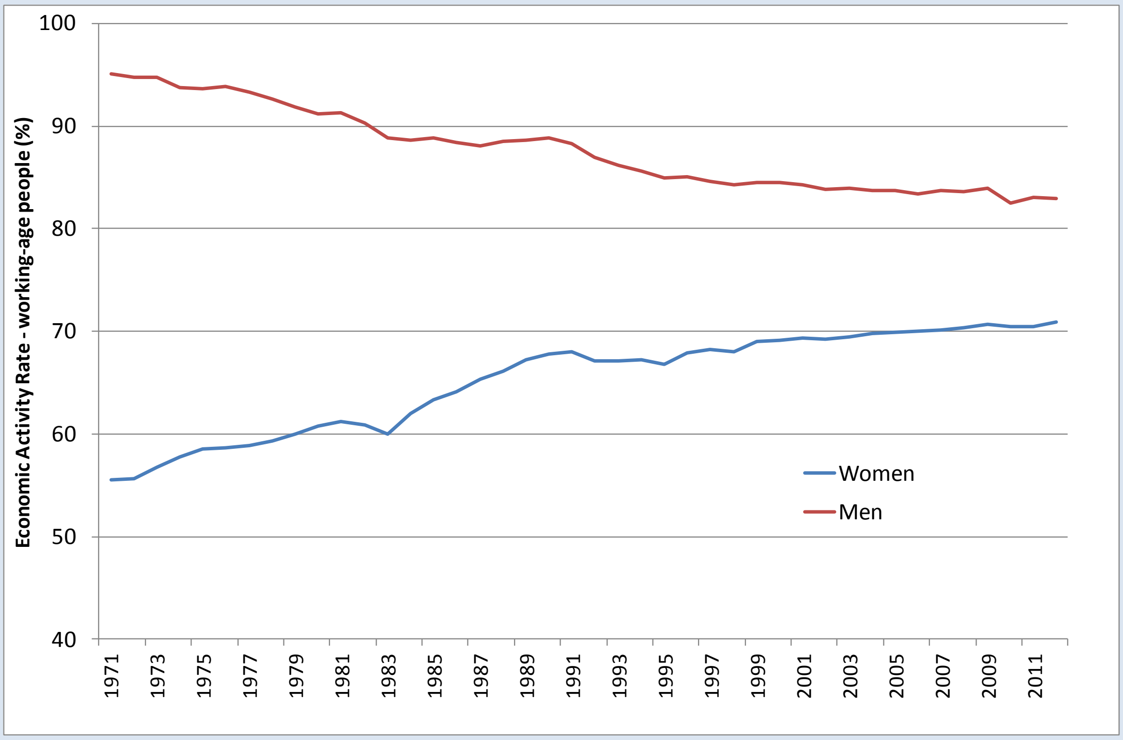
Between 1971 and 2012, whilst the economy has grown substantially (Figure 2) women's economic participation (the percentage who are either employed or actively looking for a job) has also increased substantially and the participation gap has narrowed (Figure 3)

Figure 2: Gross Domestic Product 1971-2011



Source: HM Treasury GDP Deflator Series

Figure 3: Economic Participation 1971-2012



Source: Labour Market Statistics October 2012, Office for National Statistics

Progression and retention in work

From this starting point, gender differences in progression are evident. This links partly to occupations; many women have a 'job' rather than a 'career' and are concentrated in jobs such as cleaning, caring, cashiers and clerical work, which have low levels of progression in pay and seniority. Those in lower-paid jobs are also more likely to cycle in and out of work, and **women are less likely than men to stay in continuous employment**[9].

Equal numbers of men and women also move between jobs – at any point, about 6-7% of employed people are looking for a new job[10]. In recent years, there has been an increase in the number of over 25's starting an apprenticeship, and women have been more likely to take up these opportunities; in 2010/11, 115,000 women over 25 started an apprenticeship compared to 67,000 men[11].

The professions that do show high levels of career progression tend to show lower levels of female employment – partly reflecting educational and career choices (covered in *Starting Out*), partly attrition due to time taken out for children (maternity is discussed below) and partly due to the nature of work and practices of employers (we discuss the provision of flexible working below).

Work-Life Balance

Whilst the majority of women work, many mothers, especially those on lower incomes, face barriers to working and **find it difficult to balance their work and care needs**[12]. In a survey of parents with young children, 53% saw their own work/care arrangements as governed by necessity rather than choice (families with a higher income were less likely) and only 42% of women believed that it was possible to meet their work/care needs and the needs of their children[13].

One recognised facilitator of women's and men's progression and retention in work is the **provision of flexible working** (see Box 3). Provision has increased in recent years, but is still greater in the public sector than private and more common for women than men. Flexible working brings benefits to employers: among employers that offer flexible working, 76% report that it improves staff retention, 73% report that it improves staff motivation and 72% report that is improves employee engagement[14]. Engaged employees perform better at work[15] and improved employee engagement is positively related to improved financial performance[16]. Another survey, looking at employers globally, found that that a majority of employers saw flexible working as a key factor to reduce stress in the workplace[17].

For employees, 90% agree that having more **choice in working arrangements improves morale**. Just under a third of employees believe that people working flexibly are less likely to get promoted (this view was more common amongst men)[18]. 41% of employees say that the availability of flexible working was important in their decision to work for their current employer[19].

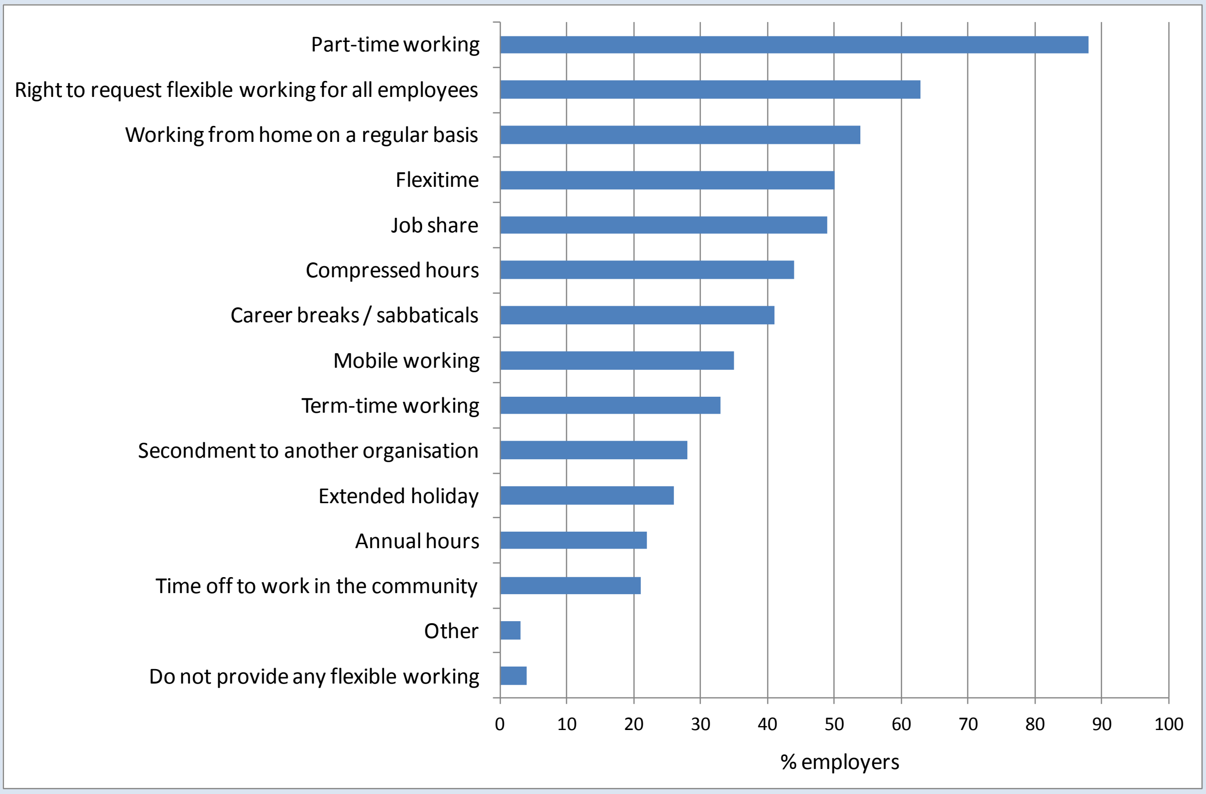
Box 3: Provision of flexible working

The term 'flexible working' describes a type of working arrangement which gives some degree of flexibility on how long, where and when the employees work. The flexibility may be in terms of working times, working location and the pattern of working. Flexible working is increasingly common in the UK workforce and provision of flexibility has increased substantially in the past 15 years; for example, in 1998 27% of employers offered flexitime and 16% offered homeworking, in 2012 these figures have grown to 50% and 54% respectively[20]. 77% of women and 70% of men use at least one form of flexible working[21].

Provision is greater in the public sector than the private; public sector employers are much more likely to offer term-time working, job shares, compressed hours and career breaks[22].

Figure 4 shows the prevalence of different forms of flexible working.

Figure 4: Percentage of employers who offer different forms of flexible working[23]



Source: CIPD (2012) 'Flexible Working Provision and Uptake' CIPD Survey Report

One drawback from flexible working is that, whilst men and women both report similar levels of skills mismatch and over-qualification in jobs, skills mismatch is more common in part-time workers; nearly half of women working part-time are over-qualified for their job[24]. Annex B contains more information on part-time working by occupations and industry.

Whilst a higher proportion of large firms report that they offer most forms of flexible working[25], **the nature of the employment relationship is often more informal in smaller enterprises** and it has been argued that micro and small enterprises can offer greater flexibility[26]. Not all businesses are the same, and will take different approaches to managing flexibility and managing expectations.

Increased provision of flexible working and well-paid part-time work is a priority at the moment because provision is lower in the private sector than the public sector – and jobs growth in the coming years is expected to come from the private sector[27]. Also, the number of women who are in a part-time job but want to work full-time has risen to 780,000[28].

Maternity and returning to work

For some women, maternity is a key transitional point in the life cycle. Currently mothers take an average of 39 weeks maternity leave, whilst 71% of men take two weeks paternity leave or less[29].

Maternity: Employers' perspectives

There is anecdotal evidence that some employers are less likely to employ young women for certain roles because there is a chance they will take maternity – but there is no reliable evidence to suggest how widespread this practice is.

One survey has suggested that the median **cost to an employer of maternity leave**, including costs of replacements, is £26,250 per annum[30]. However, this survey, carried out in 2011, was relatively small and may not be representative of all employers. Costs will vary substantially between organisations, partly due to the numbers of staff taking maternity and partly due to policies and practices. Paying employees on maternity leave costs less than £4,000 a year for a quarter of employers (some offer no more than the statutory minimum, which can be partly or wholly claimed back from the Government), whilst a quarter pay £44,000 or more. The costs of recruiting and paying staff to cover those on maternity cost over £50,000 a year for a quarter of organisations, whist for 29% it cost nothing (by not recruiting a replacement and absorbing the work with existing staff).

The impact that maternity has will be substantially different in small and medium-sized enterprises (SMEs) compared to larger organisations. **SMEs are likely to find it more difficult to cover for absences and there is evidence to suggest that many SMEs hold very negative views about maternity**. A report by the Equal Opportunities Commission in 2004 found that 36% of employers in SMEs (compared to 22% of large organisations) agreed that "pregnancy places an undue cost burden on this organisation" and 17% agreed that "there is often resentment amongst the wider team towards women who are pregnant or on maternity leave"[31]. Another survey found that 64% of SME employers do not expect mothers to return to work, 59% had no return to work policy and 16% said that they did not want staff on maternity leave to return, citing reasons such as a "reduced level of concentration" and that they will "lack enthusiasm" compared to new staff[32].

Despite such negative views, a recent survey found that most employers have a written policy or take a positive approach to promoting equality, and that of those who do, 85% reported that managers thought it was morally important and 76% of organisations reported that they were concerned about how they were viewed by customers, suppliers and the wider community[33]. This suggests a majority of employers do recognise the need to promote equal opportunities.

Maternity: Employees' perspectives

Most employees do return to work following maternity – in 2010/11, 77% of mothers were back at work after 12 months, and 84% of these were back with the same employer[34]. This proportion has increased in recent years – in 2002 only 59% of those who returned to work returned to the same employer[35]. Women were less likely to return to work if they had been in their pre-birth job less than a year and/or had not received any maternity pay. Combined with the employers' views above, this suggests there may be some mismatch in expectations – and that employers' and employee's preferences may not be met.

Just over a half of mothers who had previously worked full-time returned to full-time work, with about two-fifths reducing their working hours to 'long part-time hours' (16-29 hours per week). About a third of women returners reported a reduction in job status[36] and 8% took a pay cut in hourly wages on return to work[37]. Of those who did not return to work (about 23% of new mothers after 12 months), about a third report that their primary concern was the affordability or obstacles associated with returning to work, whilst two-thirds state primary reasons related to caring by choice[38].

The amount of planning that mothers do while pregnant, and the anticipated support in the workplace are significant factors in whether a mother returns to work[39], whilst another important factor is the cost of childcare (the average cost of a nursery is nearly 60% of the average earnings in a part-time job - see Annex C). However, surveys also suggest that not all mothers are using support available to them – for example, whilst 46% of mothers reported that a keeping in touch scheme was available from their employer (availability of which has increased substantially in recent years), only 13% reported using it. Similarly, 28% were offered re-training on return from maternity leave but only 11% took up the offer[40].

Conclusion

Following women's and men's entry into the labour market, there are already differences in education and entry jobs and we also see different trajectories later in work. Women are more likely than men to move in and out of work and less likely to work their way up the occupational ladder.

There are clearly potential benefits for business from flexibility – primarily in retaining staff and improving employee morale and engagement – but these benefits are not always realised and require careful management and planning. Flexible working is valued by those employers who use it, but other employers will need to think about how best to make the conversations between employers and employees work for both sides. Maternity leave has the potential to impose costs in covering for staff, but these may be reduced through improved workforce planning.

These benefits will also be felt by individuals and families – in allowing parents to find the work-life balance that they need, and ensuring that having a child does not cost future opportunities. Increased employment is essential to improve living standards and reduce child poverty.

There are also potential benefits to the economy as a whole – in facilitating those women who would like to work and contribute more to the economy but face barriers in doing so. This is particularly important now that public sector jobs (which have more flexible working provision and well paid part-time jobs) are being replaced with private sector jobs. There is also untapped potential, amongst men and women, in those who are in part-time for which they are overqualified and those who would like to work full-time. Women are more likely to face certain challenges of balancing work and caring, and by better managing maternity and flexibility in work, more can be done to meet the needs of employers and employees. This can help to ensure that progression becomes more common, not just for those moving into senior management, but ensuring that those in lower-paid jobs are able to retain jobs and have opportunities to progress.

Annex A: Occupations of young women and men

Table A1: Occupations of young women and men aged 22-29

Occupations	Women aged 16-21	Women aged 22-29	Men Aged 16-21	Men aged 22-29
All employees	**670,000**	**2,010,000**	**638,000**	**2,102,000**
Admin and secretarial	70,000	357,000	41,000	153,000
Caring, leisure and other service occupations	138,000	319,000	42,000	88,000
Business, media and public service professionals and associate professionals	17,000	286,000	14,000	272,000
Sales and customer service	196,000	265,000	139,000	225,000
Elementary occupations	201,000	206,000	214,000	322,000
Health and social care professionals and associate professionals	11,000	169,000	-	51,000
Teaching and education professionals	-	143,000	-	71,000
Managers, directors and senior officials	8,000	93,000	10,000	140,000
Science, research, engineering and technology professionals and associate professionals	-	74,000	20,000	233,000
Process, plant and machine operatives	6,000	29,000	34,000	158,000
Skilled trades	5,000	27,000	100,000	312,000
Culture, media and sport occupations	5,000	23,000	8,000	37,000
Protective service occupations	-	19,000	-	39,000

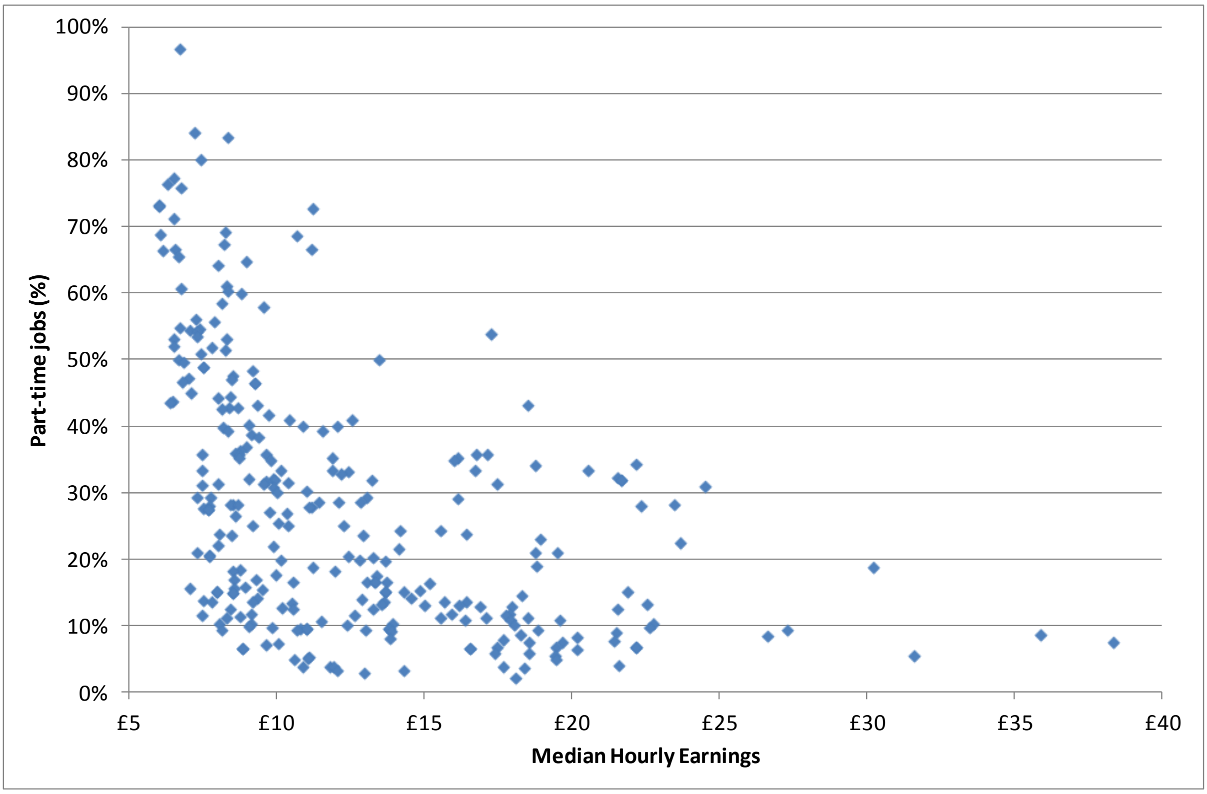
Source: Annual Survey of Hours and Earnings 2011

Annex B: Prevalence of part-time working in occupations and industries

Part-time working

There is still a lack of part-time working in high-paid occupations. Figure A1 plots occupations by their average wages and the percentage of jobs in that occupation which are part-time. This chart shows that the jobs which have a large proportion of part-time workers, and large proportion of women, are clustered to the left – meaning low average wages. The gap in the top right-hand side of the graph shows a lack of jobs with high-levels of part-time working and high wages. The occupations that do have a high proportion of part-time workers and high average pay are almost exclusively in the public sector.

Figure A1: Occupations by prevalence of part-time working and average wages



Source: Annual Survey of Hours and Earnings 2011

Table A2 shows the occupations which have the most and least provision of part-time work. The highest proportion of part-time workers can be found amongst school crossing patrol and playworkers. The occupations with the least part-time working include many jobs in IT, as well as very male-dominated jobs such as police officers, metal working and mechanics.

Table A3 also shows provision of part-time working by industry sector. Part-time working is most common in food and beverage services and retail.

Table A2: Occupations with most and least part-time working

Most part-time jobs			Least part-time jobs		
Occupation	**Jobs**	**% PT**	**Occupation**	**Jobs**	**% PT**
School midday and crossing patrol	123,000	96.7%	Police officers (sergeant and below)	229,000	2.2%
Playworkers	44,000	84.1%	Programmers and software devt.	162,000	3.7%
Market research interviewers	12,000	83.3%	Metal working and maintenance	292,000	3.8%
Care escorts	15,000	80.0%	IT specialist managers	151,000	4.0%
Cleaners and domestics	610,000	77.4%	Vehicle technicians and mechanics	102,000	4.9%

Source: Annual Survey of Hours and Earnings 2011

Table A3: Prevalence of part-time working by industry

Sector	Size (number of employees)	% employees women	% employees part-time
Food and beverage services	948,000	53%	54%
Retail	2,263,000	59%	51%
Social work activities (including childcare)	587,000	77%	45%
Arts, entertainment and recreation	435,000	47%	42%
Residential care activities	577,000	78%	41%
Education	4,015,000	68%	41%
Hotels and holiday accommodation	278,000	54%	38%
Other Service Activities	409,000	54%	35%
Human health	2,310,000	77%	35%
Admin and Support	1,473,000	43%	34%
Real Estate	293,000	53%	22%
Professional, scientific and technical activities	1,402,000	45%	18%
Public administration and defence	1,278,000	47%	16%
Finance and Insurance	1,099,000	46%	13%
Transportation and storage	1,043,000	21%	12%
Wholesale trade and repair of motor vehicles	1,331,000	27%	12%
Agriculture, mining, utilities	463,000	24%	12%
Information and communication	933,000	31%	12%
Construction	855,000	17%	11%
Manufacturing	2,329,000	21%	8%

Annex C: The Childcare Market

Often women face a difficult decision in weighing up the financial decision of returning to work. There is no typical example and the decision is not purely financial – everyone's situation is different. The average yearly cost of a nursery place a child under 2 (assuming 25 hours per week) was £5,103[41], whilst the median gross annual earnings for a part-time worker is £8,511[42]. In the past 3 years, the average price of 25 hours of nursery care has increased by 18%, whilst average wages for part-time worker has fallen slightly[43].

£5.7 billion was spent on childcare in 2012. Of formal childcare places in England, 61% are provided by the private sector, 8% by the public sector and 31% by the third sector[44]. Also, 41% of parents report having used informal childcare (the most common of which is grandparents, who 2.6 million parents rely on for some care)[45]. Of respondents to a Department for Education survey, 12% of full day care providers reported that they were operating at a loss and 16% did not know if they were making a profit or loss[46].

There seems to be a mismatch in perceptions of provision. Many parents report a shortage of places in their area – but providers report occupancy rates of about 83%. This perception of shortage may therefore reflect shortage of certain types of childcare, particular areas or of high quality childcare at an affordable price.

The Office for National Statistics project an additional 150,000 0-4 year olds by 2025[47]. Even without any increase in women's employment rates, this represents a large increase in demand for childcare. Without a correspondingly large increase in the supply of childcare, this will put pressure on the market and may raise prices further.

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