






Lone mothers, employment and well-being

Previous research has established that lone mothers have, on average, particularly low levels of income, exposing themselves and their children to various forms of hardship. But it has been difficult to identify cause and effect, because of lack of data tracking lone-parent families and their circumstances over time. This study by Alex Bryson, Reuben Ford and Michael White of the Policy Studies Institute fills that gap, by analysing a unique set of surveys (originally funded by the Department of Social Security) which followed a representative sample of lone mothers from 1991 year-by-year to 1995. The study found:

-  Getting employment was one of the most effective ways for lone mothers to reduce material hardship and improve well-being. Any additional income was helpful, but employment was more proportionally beneficial compared with other kinds of income. As children grew older, it became easier for the lone mothers to take jobs, but this was inevitably a gradual process.
-  A very important factor keeping lone mothers out of employment in Britain was a lack of qualifications and training. Low qualifications depressed earnings capacity and made it hard for lone mothers to meet the costs of childcare when working.
-  The Family Credit benefit, which provides a top-up for low wages, had a positive impact on lone mothers' employment. But these in-work benefits encouraged lone mothers to stick in low-paid jobs for long periods, so that they fell further behind in their earnings. Once in low-wage work, a lack of further training completed the 'trap'.
-  Lone mothers who experienced hardship at the outset of the research period were less likely to get jobs later on. This suggests that squeezing existing benefit entitlements for lone mothers could progressively hinder their return to work.
-  The researchers conclude that other policies are needed to carry on where Family Credit leaves off. Creating opportunities for lone mothers to improve their earnings capacity would be particularly effective. This could be achieved by devoting education and training resources to lone mothers, to improve earnings and so help them to 'float' off benefits.

The effect of jobs and benefits on family well-being

This research strongly endorses the value of jobs in improving lone mothers' material well-being and reducing family hardship. Any additional income was helpful to lone mothers, but employment was more than proportionally beneficial compared with other kinds of income. This is probably because jobs have hidden additional advantages, like access to fringe benefits and to consumer credit.

Lone mothers benefited materially whether they got jobs themselves, or 'repartnered' with an employed man. 'Repartnering' with an employed man was also followed by an increased chance of the lone mother herself getting into a job.

Conversely, remaining on welfare benefits for long periods led to a downward slide into progressive family hardship. Income Support appeared inadequate to maintaining stable family living standards where the head of the household was a lone mother.

What keeps lone mothers out of jobs?

Why then do the majority of lone mothers in Britain remain out of work, when they appear to be so much better off in work? The research points to two main reasons:

- As a group, lone mothers have low levels of qualifications and work experience. This means that they stand little chance of getting anything other than a low-paid job.
- The majority of lone mothers have young children to care for on their own. If they get a job, the cost of paid-for childcare is substantial.

When these problems are combined, there is a financial barrier to entering paid work which many lone mothers cannot cross.

The research identified one additional reason, which is particularly important for public policies on work and welfare. Exposure to severe family hardship (based on a composite index of material living conditions and consumption) had an adverse effect on employment: those in hardship in 1991 were less likely to have jobs even four years later in 1995.

Do lone mothers want to work?

It has sometimes been argued, in public debates about the costs of welfare for lone-parent families, that lone mothers include many who do not want to work. These women are assumed to choose lone motherhood and a life on welfare. This research found little evidence for this. Most lone mothers

were or had been welfare claimants; early pregnancy or single parenthood without prior marriage or cohabitation did not make this more likely nor did long periods as lone mothers. The main reasons for claiming in particular periods were the ages and number of dependent children at the time.

The minority who avoided becoming claimants were those with good qualifications, which permitted them to be self-supporting, and those whose children were older.

Confusion about the motives of young, 'single' (never-married) mothers is understandable, because superficially this group of lone mothers does have a low rate of employment. But this does not take account of the fact that they generally have very young children to look after. The research found that once this is taken into account, those entering lone motherhood early in life actually have higher employment rates in the longer term than other lone mothers with similar qualifications and skills. As they become older themselves, and as their children become less dependent, they are relatively more likely to move into employment than other lone mothers.

In-work benefits and employment

Government policy in recent years has focused on raising the income of lone mothers who get back to work, so as to make employment worthwhile even with childcare costs. The largest single element in this policy has been Family Credit (payable for those working at least 16 hours per week). Family Credit is a wage supplement for those on low weekly wages who have one or more dependent children.

The research confirmed that Family Credit had both increased the chances of lone mothers getting paid work, and reduced the chances of them leaving employment. For an added 10 per cent of Family Credit entitlement, the probability of being employed (in a job of 16-plus hours) increased by 5 per cent.

Family Credit appeared to give lone mothers an increased range of choices in balancing employment, income, and time with children. Many lone mothers receiving the benefit preferred to work relatively short hours, and so have more time at home (and lower childcare costs), rather than maximise weekly earnings.

Two limitations of in-work benefits

The research pointed to two main limitations of in-work benefits such as Family Credit. Most importantly, although in-work benefits raise the employment chances of lone mothers, they do so by encouraging or facilitating entry to lower-paid jobs. Lone mothers working and receiving Family Credit supplements had weekly earnings about one-quarter

lower (on average) than they would have expected to get, given their age, qualifications and experience.

While the short-term trade-off may be to the mother's overall advantage, the long-term impact gives cause for concern. Mothers getting Family Credit in 1991 were still earning substantially reduced wages in 1995, whether weekly or as an hourly rate. Earnings progression over this period had also been low. It seems that lone mothers' ability to prosper in paid work is constrained, once they have entered or held low-paying jobs with a benefit top-up.

The other limitation of Family Credit is that it scarcely reaches those lone mothers with the youngest children; one half of lone mothers in Britain have a child under five. Even with Family Credit, only 2-3 per cent of lone mothers with a child under 5 were helped into work. Family Credit made more of a difference to employment when the youngest child was aged 5-10 years, and had the biggest effect when the youngest was of secondary school age.

The effect of education and training

Lone mothers are no different from other workers: their wages and earnings progression are largely determined by their qualifications, training and work experience. In general, lone mothers have low earnings because of a lack of these advantages. This is also a basic reason for a low employment rate.

A lone mother who, on the basis of her qualifications and other employment-related characteristics, could expect to earn 10 per cent above the average, was thereby 11 per cent more likely to be employed. The effect of education and training was one of the most powerful influences on employment identified in this research.

Earnings were in turn massively affected by qualifications and continuing training. For example:

- Those with even the lowest level of school qualifications (CSE or GCSE grades D-F) averaged 20 per cent more in hourly earnings than those without any qualifications.
- Those with post-school (further or higher) qualifications had hourly earnings of one-half to two-thirds above those with no qualifications.
- Those who had received training directly related to their current job gained 15 per cent in their hourly wage over those who had not received such training.

- Qualifications continued to affect growth in earnings over time (see Table 1). So, as time goes on, those lone mothers who have qualifications can move progressively towards financial self-sufficiency while those without qualifications are left either on benefits or in very low-wage employment.

Table 1: Qualifications and change in earnings, 1991-95

| | % change in weekly wage | % change in hourly wage |
|-------------------------------|---|-------------------------|
| | <i>relative to lone mother with no qualifications</i> | |
| Low school qualifications | + 20% | +23% |
| Vocational qualifications | + 21% | +17% |
| Advanced school quals. | + 57% | + 45% |
| Post-school non-degree quals. | + 75% | + 93% |
| University qualifications | + 51% | + 58% |

While these figures show the large potential impact of improved qualifications and training chances on employment, such advantages are absent for the majority of lone mothers.

- Over half of all lone mothers have no educational qualifications at all.
- Only one in 10 have the higher academic or professional qualifications which bring the highest rewards.
- On-the-job training was received during 1993-95 by only 27 per cent of manual workers, and 42 per cent of non-manual workers below professional level. The small minority of already highly qualified women in professional jobs were by far the most likely to get further training (73 per cent during 1993-95).

Conclusion

The researchers conclude that creating opportunities for lone mothers to improve their earnings capacity would be a particularly effective way of increasing their employment chances and lifting them off benefits in the medium term.

There are two broad ways in which this might be done: through continuing education while the lone mother is out of the labour market, and by supported training and education while in work. Any such programmes would need to take into account mothers' need for appropriate childcare facilities.

For lone mothers out of work consideration would need to be given to the location of educational opportunities relative to where lone parents live, to the promotion of open and distance-learning opportunities and to the question of whether TECs and other training bodies should target lone parents as a priority group.

For lone mothers in work consideration would need to be given to whether incentives should be made for employers to make training available to lone parents, or schemes developed that provide direct financial support for training to lone parents in low-paid jobs.

About the study

The research was based on a detailed analysis of information from a national sample of 900 lone mothers. The sample was originally interviewed in 1991 and then followed up until 1995. The data are part of a larger survey database known as PRILIF (Programme of Research into Low Income Families). PRILIF is funded at the Policy Studies Institute by the Department of Social Security (DSS), and the Department's agreement to use the information is gratefully acknowledged. The findings and conclusions from this research are the sole responsibility of the authors.

Further information

The full report, *Making Work Pay: Lone mothers, employment and well-being* by Alex Bryson, Reuben Ford and Michael White is published for the Joseph Rowntree Foundation by YPS as part of the Work and Opportunity series. It is available from York Publishing Services Ltd, 64 Hallfield Road, Layerthorpe, York YO3 7XQ, Tel: 01904 430033, Fax: 01904 430868 (ISBN 1 899987 47 9, price £11.95 plus £1.50 p&p).

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