



The future of women as leaders

If we want women to lead, we will need to change our definition of leadership. The desire among many younger men and women to pursue both a personal and a professional life may help point the way. Take, for example, the case of a 32-year-old female automotive executive profiled in Warren Bennis's and Robert J. Thomas's recent book, *Geeks and Geezers*. She noted that in her company (and in the industry more generally), the operating definition of "leader" was someone who worked extraordinary hours, made all the key decisions in a forceful and directive way, rallied the troops from a corner office, and was ranked by the number of people who reported to him or her. But the value she attached to having a life after work forced her to find a different path. Rather than pull marathon work sessions, she planned her projects carefully, with realistic timetables. Rather than insist that her desk be the crossroads for all decisions, she delegated responsibilities to her team and rewarded them appropriately. And, she mobilized her people to be more efficient, so that they, too, could have a measure of balance in their lives.

To move us closer to the day when this woman's experience is not the unusual but the norm, we need more accounts and case studies of women who are organizational leaders, so we can understand the forces that have helped them to advance in their careers. We need to look at the varied life courses that women select that allow them to demonstrate leadership. We need to know whether it is even possible for aspiring women leaders to be anything other than completely devoted to their work; and if it is, we need to know more about how to combine leadership with families. Most important, we need to use this information to develop models for how organizations can best use the talents of women, rather than forcing women to choose between work or family because it is impossible to do both effectively and simultaneously.

Three-quarters of men and women at every life stage are working more hours than they would prefer. Many wish they did not have to make such drastic choices that preclude either children or a high-powered career. At the same time, organizations are increasingly bearing the cost of losing talented women who cannot make the current system work. We must ask ourselves what it would take to reorganize employment to make it more compatible with family life. But we must also remember that the solution is not just a matter of balance. We need to find better ways to allow talented women to excel. *

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paying the price

evidence on how
family choices affect
career outcomes

by CARRIE CONAWAY





IN MAY 2004, Brenda Barnes reached the Holy Grail of the ambitious working woman. Seven years earlier, she had resigned her job as president and CEO of Pepsi-Cola North America—two steps away from the top job at PepsiCo—to spend more time with her family. Yet she returned to the workforce right where she had left off: as the number-two person at Sara Lee Corporation, one of the nation’s largest consumer products companies.

Still, there were consequences. Barnes gave up seven years of earnings, which added up quickly at her Pepsi-Cola salary of \$2 million per year. And there was no guarantee that she could return to such professional heights. Indeed, many people—even, or perhaps especially, people on the path to the top—who make similar choices face the possibility of not only lost earnings, but also reduced future opportunities in the forms of employment, promotions, and authority.

These reduced opportunities do not come, for the most part, because employers instantly demote or cut the wages of people who take time out for family reasons. While discrimination of

this kind may occur, opportunities also decline because of the cascading impact that family choices can have on work hours, relocation decisions, and even career direction.

What are the penalties for stepping, even temporarily, off the career track to care for family needs? And which family choices matter most?

Children and earnings

If family choices have an impact on career outcomes, it should show up in people’s paychecks. The research evidence is quite clear that, at least in recent years, the choice to marry by itself does not reduce people’s incomes. Married men have long enjoyed a wage premium over single men, although the effect has declined somewhat recently. And married women without children earn just as much as single women; indeed, some studies even show a marriage premium for women without children.

Earnings differences don’t appear until children enter the equation. A recent study by researchers David Ellwood, Ty Wilde, and Lily Batchelder presents the best evidence to date on





the wage experiences of women who are currently in their child-rearing years. Their study is also one of the few that looks specifically at highly skilled women, whom they define as women who scored in the top third on a standardized test of ability.

Ellwood and his colleagues find that before child-bearing, the wages of highly skilled mothers and non-mothers were not significantly different. But highly skilled women experience an 8 percent reduction in their wages during the first five years after they have a child relative to similar women who never had a child. After 10 years, the penalty rises to more than 20 percent—and this is after accounting for any reduction in earnings

form is associated with approximately a 0.4 percent reduction in hourly wages for married women and a 0.3 percent reduction for single women. By contrast, household labor time has no effect on married or single men's earnings. Women at the high end of the income distribution may be able to buy themselves out of the housework bargain by paying for services such as cleaning, convenience foods, and child care, but no research to date has examined how much these purchases might reduce women's household labor time.

In addition, as our population ages, more families find themselves responsible for dealing with an aging or infirm parent.

Deciding to get married, have children, or care for elderly relatives affects not just wages, but also other career opportunities such as training and promotions

associated with their having less experience or working fewer hours. Highly skilled men, on the other hand, experience no such negative wage effects after their first child is born.

According to Ellwood *et al.*, one important contributor to the child wage penalty for women is extended leaves. Staying out of the labor force for an extended period after having a child often has a dramatic impact on a woman's wages. Highly skilled women who did not work during the second year after their child's birth earned 10 to 17 percent lower wages than women who did work during that year, even after adjusting for lost experience and how long ago their child was born. Nonetheless, including this factor in the analysis still leaves a significant wage penalty for highly skilled mothers, and one that increases as their children get older. What else might account for this gap?

Housework and parent care

Other family choices could be at play in contributing to the gender wage gap. For instance, although the amount of time women spend on housework has declined notably since the 1960s, women still do significantly more household labor than men (see sidebar on page 31). And several studies by economists Joni Hersch and Leslie Stratton demonstrate that the more housework women do, the lower their wages are—even after adjusting for the possibility (as some economists have argued) that lower-earning women might do more housework simply because the opportunity cost of time spent on housework is lower for these women. Hersch and Stratton's research shows that every additional hour of household labor that women per-

Although the amount of time people spend on parent care is generally less than the amount spent on child care, it might still be enough to affect caregivers' (generally women's) employment. However, the best-designed studies to date on this issue show no such effect. Researchers have hypothesized that time spent on parent care may be coming from time that would otherwise be spent on housework, child care, or leisure, rather than work. While some studies indicate that caregivers may be less productive while at work, there is no evidence so far as to whether this is associated with decreased wages. And there is no research on whether parent care is a bigger or smaller problem for highly skilled women likely to attain top positions.

Training, promotion, and authority

Deciding to get married, bear children, or care for an elderly parent affects more than women's wages. These decisions might also affect women's chances for other career opportunities, such as training or mentoring, promotions, or authority.

Unfortunately, we know little about whether or to what extent family choices affect women's likelihood of getting training or mentoring. Studies are inconclusive as to whether women get more, less, or different training than men, let alone how family choices such as having children might factor into any discrepancy. Women on the path to the top do seem to be less likely to have mentors than men, but it's not clear how much mentorship matters in getting to the top—or whether family choices are the reason behind the mentorship gap.

Family choices do, however, seem to have some association with reduced opportunities for promotion. Economists Deborah Cobb-Clark and Yvonne Dunlop find that for all workers aged 31 to 39 in 1996, there is a negligible sex gap in promotions overall. But women with the best chances to reach the top—those with college or postgraduate education and managerial jobs—appear to be promoted less frequently than similarly educated men, and some part of this difference may be due to family decisions. For instance, about 25 percent of women with preschool children are promoted, more than 3 percentage points fewer than equivalent men. However, women with older children are actually more likely to be promoted than equivalent men, nearly making up the earlier difference among parents of preschoolers. This may

further reading

"The Impact of Childbearing on Wages of Women of Differing Skill Levels,"

by David Ellwood, Ty Wilde, and Lily Batchelder, presented at the Harvard Economics Department Labor Seminar, April 2004.

"Housework and Wages," by Joni Hersch and Leslie S. Stratton, *Journal of Human Resources*, 2002.

"The Role of Gender in Job Promotions," by Deborah A. Cobb-Clark and Yvonne Dunlop, *Monthly Labor Review*, 1999.



From personal experience *Women professionals at midcareer*

ON ROLE MODELS: “There are very few visible role models for me to point to, leaders who have responsibility for the money or for the profit and loss in the company.”

ON CHILDREN: “My husband and I are at that point where we’re trying to decide when is the right time to have children; and as I’ve heard today and from many other sources, there is no right time.”

ON THE DOWNTURN: “The largest challenge in my industry is the market downturn in high-tech and the impact on opportunities that has had. People try to preserve either their roles or certain employees, and you start to preserve the folks who are perceived to be similar to you or the breadwinners in their families.”

ON ASPIRATIONS: “My students [seem to be making] a conscious, deliberate choice no longer to reach, but to settle. They are at a select, elite business school, and they

We asked three midcareer women at the Boston Fed’s “Reaching the Top” conference to talk about the decisions they’ve made so far, the challenges they’re currently facing, and the impact of their work on their families and communities.

graduate with their MBAs but with their aspirations set four or five notches lower.”

ON THE PIPELINE: “We had tons and tons of hiring in the late 1990s and had made a lot of penetration [in terms of hiring] female engineers. When we look at that today, not only did we lay off many of them, but we’re at a very bad starting point for advancement beyond those first initial layers of new engineers.”

ON THE INNER CIRCLE: “No matter how smart, how successful, how politically plugged in, I’m not confident that I can even get into that inner circle. But let’s assume for a second that is a feasible option. Do I really want to do what it’s going to take to get there, given my current life?”

ON FAMILY RESPONSIBILITIES: “I enjoy my work, but what I really want to do is go work abroad in another emerging market. But my father is suffering from Alzheimer’s and my in-laws are facing serious health challenges. So for both my husband and I, that’s not in the cards in the short to medium term, and that’s okay.”

ON WORK-LIFE BALANCE: “I remember coming home from work one day and my house was full of kids. There were easily 10 children in my home, and I did not know one of them. My nanny knew significantly more of my neighbors and their kids than I would ever have dreamed of knowing.”

ON COMMUNITY: “I’ve had to seek out ways to hold onto community and family because it wasn’t something that would naturally be there given the kind of job I currently have. I have had to make a sustained effort to not have work be my life, but just one piece of it.”

indicate that parenting women’s promotions have been delayed rather than foregone. Part-time work, which is common among highly educated women with children, may also slow promotions. Women who work part-time are much less likely to be promoted than either male or female full-time workers, although they are much more likely to be promoted than men who work part-time. Moreover, no study has adequately assessed whether women’s family decisions directly reduce their opportunities for promotion or whether instead their (perceived) lack of chances for promotion might lead them to have children or take on additional parental care or household labor responsibilities.

Much research also demonstrates that women are significantly less likely to hold positions with authority over others, whether supervising other employees, having the authority to hire and fire, or having control over others’ pay. Family choices could be part of the reason for this gap; for example, perhaps women would prefer to have less responsibility at work because of the responsibilities they already carry at home. But the few studies that have explicitly examined the impact of marriage or childbearing on women’s authority level at work find no statistically significant association between the two. None have looked at the impact of parent care or household labor.

Facing the consequences

There is still much more to learn about the consequences of

women’s family choices for their careers. We know that the choice to have children has a much greater impact on women’s careers—whether wages, promotions, or authority—than simply getting married or caring for parents. And we know that the effects of these choices are often long-term and indirect, reducing women’s wages and opportunities through how they affect subsequent decisions about whether and how much to work.

But we do not know nearly enough about all the possible penalties women might pay for certain family choices, nor do we know whether the consequences are greater or lesser than they used to be. One thing we do know, though, is that it’s not just women who face these consequences. As Joyce Jacobsen points out (see page 16), anyone who behaves like a woman in the eyes of the organization—who takes time off for child-raising, works part-time, or displays less than complete devotion to the firm—will pay a price in terms of salary and advancement.

At the same time, Brenda Barnes’ example demonstrates that it is possible to take significant time off from full-time work and still return to top leadership positions. Admittedly, she was not completely idle during those seven years; she served on six corporate boards and as interim president of a hospitality company. And neither is her experience by any means typical. Nonetheless, her path back to the executive suite shows that at least some women can do it all—even if they can’t always do it all at once. *