

Optioning In versus “Opting Out”: Women Using Flexible Work Arrangements for Career Success

Shifting Career Paradigms

At the turn of the new millennium, when highly visible women such as Ann Fudge of Kraft Foods and Brenda Barnes of PepsiCo decided to take time off from work, their personal decisions set off a firestorm of public debate about women’s career choices. From the stories in the popular press, it would be easy to conclude that women were leaving the workforce in droves because of reproduction, a resurgence of maternal instinct, or a uniquely female desire to “not work so hard.”¹ The predominant rhetoric was that the number of women leaving the workforce — whether entirely or by using flexible work arrangements (FWAs) such as flexible hours or telecommuting — proved that women just don’t have what it takes to succeed at demanding careers.

But is that supposition true? In our Simmons MBA and executive education classrooms, we have been hearing very different messages: stories of women who are passionate about their work, committed to their multiple roles as professionals and caretakers, and making difficult decisions in order to manage both roles.² Their stories have led us to a rigorous examination of women’s career decisions, culminating in a survey of 400 women in early 2006.

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Since the 1980s, scholars and management writers have noted the need for a new career paradigm. This new paradigm advises individuals to consider themselves “self-employed” and to think of their careers as a series of projects; employees, acting as “free agents,” are “in business for themselves,” performing work that the organization has “outsourced” to them.³ This model was to replace the “work is primary” paradigm⁴ written in the mid-1950s as part of the “psychological contract”: employees exchanged total com-

mitment to their work for life-long employment in their organizations. Created by and for the white, male, middle and upper-middle managers building corporations post-WWII, this paradigm was founded on two realities of the time: men could make work primary because their wives were home taking care of family duties, and organizations existed in a fairly stable marketplace. Those realities are gone.

With the rise in the number of working women and mothers, the demographic foundation of the stay-at-home mother evaporated. In the last 50 years, the percentage of mothers staying at home dropped from 76% to 28%.⁵ With the rise in corporate bankruptcies (doubling between 1990 and 2000) and outsourcing and offshoring (expecting to yield 3.3 million jobs lost by 2015), the organization’s side of the psychological contract — namely, job security — also dissolved.⁶ In the face of these demographic shifts and organizational upheavals, we believe that women are rejecting the outdated “work is primary” career model and instead are acting as career self-agents, using FWAs as powerful tools in defining their terms of employment.

Being on the leading edge of shifting the career paradigm, women have found their ambition and commitment questioned by both the press and decision makers inside organizations. Women’s career choices aren’t seen as career self-agency. Instead, their decisions to work part-time, put boundaries around workload, or temporarily not work at all (all FWA choices) are seen as deficient, invalid, and wrong. This judgment is evidenced in the language used to describe their choices: “opting out,” “off-ramping,” and following “mommy tracks” and “scenic routes”.⁷ In the midst of the chaos of an evolving paradigm, women’s careers are seen as deviations from the unsustainable “work is primary” model.

We hypothesize that women are rejecting the “work is primary” career model and are instead enacting a new, “self-employed” one. To test our hypothesis, the Simmons School of Management collaborated with Hewlett-Packard to survey professional women about the rationales behind the career choices they are making. To what extent are women leaving

the workforce? What are their career goals? How do these get translated into how women manage their careers?

The Survey

At the Simmons School of Management Leadership Conference, held in Boston in April 2006, over 400 women volunteered to take our survey. These women averaged 43 in age, with an average work experience of 20 years. 22% were women of color, 85% held college degrees, 58% were married, and 61% had children. Additionally, 94% were employed, 49% were in middle or higher levels of management, and they had an average salary of \$116,000. While the sample is not representative of all women in the U.S. workforce, its composition does permit us to compare our results with those of other scholars studying managerial women and their careers, as well as with the anecdotal stories of high-income women that have recently appeared in the press.⁸

Findings

Our findings confirm that women are indeed acting as career self-agents, using FWAs as a powerful strategy to meet their goals and manage the complexity in their lives.

These findings offer a very different picture from Hewlett and Luce's 2005 research, which found significant penalties for using FWAs, in terms of earning potential and re-entry. Instead, we found that a vast number of women use FWAs, use them to *stay in* the labor force versus to opt out, and earn solid salaries while doing so.

1) The use of FWAs is more widespread than anticipated and varies across women and industries.

Over 90% of respondents reported having used some form of FWAs during their career, significantly exceeding earlier research tagging participation at 58%.⁹ Participation rates vary across age and industry.

- Younger women use FWAs less frequently. Their preferred choice is to work full-time and negotiate constraints, such as limited travel or no weekends. As women get older, FWA use increases (from 80% use by women under 30 to 90% use by women over 30). Their FWA of choice also changes as older women add "staying in a job that enables me to have work-life balance," "telecommuting," and "flexible hours" to the portfolio of most-popular options.
- Both participation rates and preferred FWAs vary by industry.¹⁰ The technology industry has the highest overall participation rate (96%), followed by the non-profit (92%), medical (88%), and finance industries (86%). Industries also varied by which FWAs are

more frequently used. Telecommuting is used over twice as much in technology (69%) than in non-profit and finance. Flexible hours are most prevalent in technology (54%), followed by non-profit (39%), finance (38%), and medical (33%).

2) Women are using FWAs to stay in the workplace rather than to opt out.

Overwhelmingly, women are using FWAs not to "opt out" of work, but to make employment work in their complex lives. Evidenced by which FWAs are preferred, almost half of the women in our survey reported using FWAs that allow them to continue working full-time. Whether they negotiate boundaries around the job, telecommute, stay in a job that permits balance, or make a lateral move instead of a promotion, women are trying to "make work work."

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We found that a woman is twice as likely to use an FWA that keeps her employed full-time than an FWA that entails part-time employment. Across our sample, 48% of women reported exclusively using FWAs that kept them employed full-time, while only 2% of women reported exclusively using FWAs that constrained employment to part-time.

In contrast to Hewlett and Luce's 2005 study that identified 37% of women fully "opting out" by voluntarily leaving work,¹¹ less than half that number (18%) in our survey left the workforce temporarily. In our sample, women aren't leaving in droves.

3) Many women don't have the option to "opt out" — they work to support themselves and to provide a significant percentage of their household income.

In our sample, the majority of women (86%) reported providing more than half of their household incomes, with over a third totally responsible for paying the bills. This finding refutes the media's "opt-out revolution" presupposition that women have the financial option of not working. Indeed, across our sample, only 18% of the women "opted out" by voluntarily taking time off sometime during their career. Not surprisingly, 90% of these women rated "create a secure financial future," "meet my financial obligations," and "develop skills and expertise" as "very important" or "extremely important," and between 80-90% said these three goals were ones they would not give up. This was true across all ages and ethnicities, regardless of marital status or presence of children.

4) Use of FWAs benefits employees and employers.

Benefits to employees: Conventional wisdom dictates that “you can’t have it all,” and several studies have found that women who deviate from full-time continuous employment incur the “mommy tax,” losing more than \$1 million over the course of a career if taking time off, or up to 37% of their earning power for a sabbatical of three or more years.¹² However, in our sample of women, we found that the use of FWAs had no statistically significant impact on income. Regression analysis found that, holding age, presence of children, and level of education constant, women who used FWAs saw no difference in salary compared with those who did not. Looking at our sample, in which 90% of the women have used FWAs during their careers and almost 20% have left the workforce at some point, the message is clear that women can act as career self-agents, setting their own terms for employment while still doing well financially.

Benefits to employers: Organizations benefit in multiple ways by shaping jobs via FWAs to enable career self-agency. Overwhelmingly, the women in our survey reported that organizations offering FWAs would be rewarded with employees’ increased loyalty and willingness to “go the extra mile.”

According to our survey, by offering FWAs, organizations can increase the likelihood that their women employees will return after taking time off from the 5% reported in

previous research¹³ up to almost half of women under 30 and over a third of women 30-50 years old. This finding is particularly salient in the face of an upcoming labor shortage.¹⁴ FWAs may indeed be the strategic advantage to attracting and retaining essential talent, both male and female, in the next decades.

Going Forward

Why is the discourse on women’s career choices so heated, given that 90% of professional women have used FWAs, that between one-third and one-half of employers offer some kind of FWA,¹⁵ and that FWA usage has been linked to increased performance and productivity?¹⁶

One explanation for the negative labeling is that women’s careers have always been seen as deviant. As recently as 1992, researchers generating reports of normative behavior tended to focus on men; women’s careers were then seen as anomalies or developmentally deficient.¹⁷ Now, as women lead the paradigm shift to career self-agency, their behavior

is again being judged against the normative definition of full-time, nonstop career management.

A second explanation is related to the concept of “commitment,” an essential component of the “work is primary” model and a critical credential (along with competence) for being valued and promoted within an organization. Historically, commitment has been defined as “doing whatever it takes” to get the work done, often evidenced by an employee’s 24/7 availability. As long as FWA usage is seen as *restricting* availability, as opposed to *defining* availability by one’s own terms (that is, defining the time or place where work is done), then one’s commitment to the organization will be questioned.

The additional dilemma for women is that the definition of commitment has always been gendered, with artificial indicators — such as whose cars are in the parking lot at 7 am — disproportionately impacting women.¹⁸ Rapoport et al. (2002) asserted that because commitment “remains rooted in a traditional concept of the ideal worker as someone for whom work is primary... [and whose] time to spend at work is unlimited... anyone (male or female) who has outside responsibilities is disadvantaged.”

Organizations must adapt to today’s global labor force and marketplace as well as to technology’s interconnectedness and speed. This entails shifting to a work culture where results, instead of “face time,” and productivity, instead of “billable hours,” are rewarded. Women, in their pursuit of career self-agency through FWAs, have been leading this shift.

In many organizations, FWAs are still used at great expense to an employee’s influence, reputation, and promotability. Senior management must take radical steps to shift the very culture of those organizations: re-examining the definition of the “ideal” employee, especially the definition of commitment, and challenging norms around *when* work gets done (e.g., meetings at 7 am or 5 pm, “all-nighters,” or weekend socials) and *where* work gets done (e.g., in the office where one can “be seen”). The explicit costs of using FWAs (e.g., reduced health care benefits, pension disruption) need to be minimized. And the unspoken costs to employees of a derailed career can be addressed by measuring and rewarding their managers’ support of FWAs.

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Endnotes

¹The argument of biology: Belkin, L. 2003. The opt-out revolution. *The New York Times Magazine*, 26 Oct.: 42-47, 58, 85; a resurgence of maternal instinct: Wallis, C. 2004. The case for staying home. *Time*, 22 Mar.: 50-59; women not wanting to work so hard: Tischler, L. 2004. Where are the women? *FastCompany*, 79: 52-60.

²Simmons School of Management, as the only all-women business school in the country and premier provider of executive education programs for women, is in a unique position to hear these stories. Additionally, we are the only MBA program with a required career strategies course, in which we have spoken to hundreds of women over the past eight years.

³“Self-employed”: Peters, T.J. 1992. *Liberation Management: Necessary Disorganization for the Nanosecond Nineties*. New York, NY: Alfred A. Knopf; “be in business for themselves”: Bridges, W. 1994. *JobShift: How to Prosper in a Workplace without Jobs*. Reading, MA: Addison-Wesley Publishing Company; “free agents”: Hutchins, G.E. 1999. Top 10 for '99. *IIE Solutions*, 31(2): 24.

⁴“Work is primary” is a label coined by Rapoport, R., Bailyn, L., Fletcher, J.K., and Pruitt, B.H. 2002. *Beyond Work-Family Balance*. San Francisco, CA: Jossey-Bass.

⁵In 1950, 24% of two-parent families saw both husband and wife in the workforce; by 2000, that rose to 72%. Bureau of Labor Statistics. 2000. Distribution of families by type and labor force status of family members, 1940-2000. Unpublished tables. Washington, D.C. Additionally, the percentage of women working rose from 25% in 1900 to 60% by 1997. See DeBell, C. 2001. Ninety years in the world of work in America. *The Career Development Quarterly*, 50(1): 77-88; and Smith, K.E. and Bachu, A. 1999. Women's labor force attachment patterns and maternity leave. Washington, DC: U.S. Census Bureau.

⁶Bankruptcies: U.S. Census Bureau. 2003. Statistical Abstract of the United States; outsourcing and offshoring: The Brookings Institution, Policy Brief #132-2004, by L. Brainard and R. Litan; the demise of the psychological contract: Rousseau, D.M. 1990. New hire perceptions of their own and their employers' obligations: A study of psychological contracts. *Journal of Organizational Behavior*, 11(5), 389-400.

⁷“Opting out”: Belkin, 2003; “off-ramping” and “scenic routes”: Hewlett, S.A. and Luce, C.B. 2005. Off-ramps and on-ramps: Keeping talented women on the road to success. *Harvard Business Review*, 83(3): 43-54; “mommy tracks”: Schwartz, F.N. 1989. Management women and the new facts of life. *Harvard Business Review*, 67(1): 65-76.

⁸Given the expected demographics of the population from which we were drawing our sample, we recognized that we would have a small percentage of women of color to study. Future research will expand the sample of women of color to enable a more rigorous analysis of the impact of ethnicity on career goals, trade-offs, and management strategies. Hewlett and Luce (2005), the definitive study to date of women “opting out,” defined their sample as “highly qualified women” who had a college degree with honors or a graduate degree. The SOM sample could be defined as “professional women who have chosen to remain employed full-time.” Given

that the U.S. Department of Labor states that 75% of employed women in 2005 worked full-time, the SOM sample over-represents these women. Given that 33% of women aged 25-64 held college degrees in 2004, both the Hewlett and Luce and the SOM samples over-represent these women.

⁹Hewlett and Luce, 2005.

¹⁰While respondents could select their industry from 24 options, we collapsed industry choices into four larger cells to ensure adequate size for analysis. Due to the makeup of our sample, this resulted in the cells of technology, finance, medical/health care, and nonprofit.

¹¹Hewlett and Luce (2005) found that the percentage of women leaving the workforce rose to 43% if they had children.

¹²The \$1 million “mommy tax” was stated by Mainiero, L.A. and Sullivan, S.E. 2005. Kaleidoscope careers: An alternative explanation for the “opt-out” revolution. *Academy of Management Executive*, 19(1): 106-123. Hewlett and Luce (2005) found that for the women in their sample, taking 1.2 years off resulted in an average decrease in earning power of 18%; after taking more than three years off, there was a 37% decrease.

¹³Hewlett and Luce (2005) found that only 5% of women who left the workforce voluntarily would consider returning to their previous employers.

¹⁴Experts predict a labor shortage of 10 million workers by 2010 in the U.S. Dychtwald, K., Erickson, T., and Morison, B. 2004. It's time to retire retirement. *Harvard Business Review*, 82(3): 48-57.

¹⁵Society for Human Resource Management (SHRM) 2003 Benefit Survey, quoted in Roberts, S. 2004. Employers less flexible on flex work arrangements. *Business Insurance*, 38(13): T10.

¹⁶Society for Human Resource Management. 2005. Flexible schedules boost performance, productivity. *HR News*. Retrieved from www.shrm.org/hrnews_published/archives/CMS_013419.asp Oct. 24, 2005.

¹⁷Normative behavior: Valian, V. 1998. *Why So Slow? The Advancement of Women*. Cambridge, MA: MIT Press; anomalies: Powell, G.N. and Mainiero, L.A. 1992. Cross-currents in the river of time: Conceptualizing the complexities of women's careers. *Journal of Management*, 18(2): 215-237; deficient: Gallos, J.V. 1989. Exploring women's development: Implications for career theory, practice and research. In M.B. Arthur, D.T. Hall, and B.S. Lawrence (Eds.), *Handbook of Career Theory*. Cambridge, UK: Cambridge University Press, pp. 110-132.

¹⁸Valian, 1998.

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Linking gender and organizational effectiveness

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