

RESEARCH BRIEFS

BOUNDARYLESS CAREERS AND THE GENDER PAY GAP: A SOLUTION FOR WOMEN?

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RESEARCH QUESTION

People inspired by the success of women business leaders like Facebook's Sheryl Sandberg may think gender bias in the workplace is a thing of the past. Yet women in the United States still earn on average 77 cents for every dollar men earn, which is identical to the gender pay gap they faced a decade ago. Though many factors contribute to the gender pay gap, it's clear that bias is part of the problem. Consequently, many women have been advised that the best way to break through the glass ceiling and improve their earning potential is to look for opportunities outside their companies and pursue what Arthur and Rousseau (2001) described as a "boundaryless career." Advocates of a boundaryless approach to career development encourage people to think outside the boundaries of their employing organization to build their careers. Considering the challenges associated with closing the gender pay gap, should women who hope to maximize their earnings keep their eyes on opportunities outside their current companies?

This is a complex question and is without a simple answer. Leaving their company to seek out greener pastures has allowed some women to overcome gender bias obstacles that kept their pay low, while for others this strategy has not worked at all. This begs the question—when does such a strategy help? Fortunately, new research by Anne-Kathrin Kronberg (Emory University) sheds light on the issue. Specifically, Kronberg's research explores how the increasingly common practice of changing employers to build a career is affecting gender earnings disparities.

STUDY DESIGN AND METHOD

Kronberg leveraged and analyzed longitudinal data from The Panel Study of Income Dynamics (PSID), a longitudinal study of a representative sample of U.S. individuals that tracks employee changes on a variety of economic, sociological, and psychological indicators over time. Between 1968 and 1997, PSID data were collected every year, and

starting in 1999 were collected every other year. This longitudinal data allowed Kronberg to explore how the outcomes of staying or leaving jobs impacted men and women over time.

Although other studies have looked at the impact of changing jobs on male and female wages, Kronberg's research was groundbreaking because she looked at the gender gap issue among those who changed jobs over time and drilled down in the data to assess the individual circumstances the job changer faced. Specifically, she looked at the type of jobs held by the individuals in the sample and the circumstances that lead to the job change.

Typically, scholars discussing boundaryless careers seem to focus on management or professional jobs. Kronberg did not limit her study to these types of jobs, which usually have fringe benefits, career opportunities, and autonomy. She also included what she called "bad jobs" such as fast food workers with low pay, little autonomy, and limited benefits. This allowed her to compare the impact of changing employers on the wages of men and women in "good jobs" (e.g., management and professional jobs with career paths and fringe benefits) to men and women holding "bad jobs." Though her sample included people in very low paying jobs, Kronberg excluded outliers (e.g., those in jobs paying less than \$5 per hour or those earning above \$400 per hour).

In addition to comparing the impact of changing employers, Kronberg also assessed whether the men and women in her sample who changed employers left their jobs voluntarily (e.g., quit, resigned, or just wanted a change) or involuntarily (e.g., were fired or laid off). Essentially, this approach allowed her to compare the long-term impact on salaries of men and women who left their good jobs or bad jobs voluntarily to their counterparts who did not have a choice.

KEY FINDINGS

Overall, Kronberg's findings were striking. Women who voluntarily left "good jobs" tended to

be very successful in improving their wages. Moreover, among this group the gender wage gap appears to be closing. As a matter of fact, since the 1970s, earnings of women who voluntarily left their good jobs for new opportunities increased faster than earnings of men who voluntarily left their good jobs for new opportunities. Unfortunately, the news is not nearly as positive for women who did not leave their “good jobs” by choice, but were laid-off or fired. Interestingly, the gender gap among involuntary leavers in “good jobs” started to close in the 1980s but then quickly began to widen again in the 1990s. Since then, the gender wage gap has increased among people who involuntarily left good jobs.

Kronberg also found stagnation in the gender wage gap for women in “bad jobs” who voluntarily left their employers with hopes of discovering new opportunities. In other words, women who left “bad jobs” voluntarily tended to earn less than men in similar jobs. On the other hand, one surprising finding was that the gender wage gap actually narrowed a little among involuntary leavers in “bad jobs.” Kronberg speculated that this may be related to the fact that the women who involuntarily left “bad jobs” were most likely to be impacted by increases in the minimum wage laws, which may have blunted the gender pay gap. That said, more research is clearly needed to better understand this finding. Overall, when it came to improving their incomes via a “boundaryless strategy,” women in bad jobs benefited significantly less from changing employers than did women in good jobs.

CONCLUSIONS AND IMPLICATIONS

In a nutshell, gender inequality around pay is not an equal opportunity problem, because some experience it more than others. Women with career options who can voluntarily leave a job to pursue better opportunities are less likely to suffer the slings and arrows of wage inequality than women in dead-end jobs or women who have been involuntarily separated from their companies. Unfortunately, those who are most likely to be affected by the gender wage gap are those who are most in need of higher pay in the first place. And for them, even a modest rise in wages may result in a meaningful improvement in their quality of life.

Telling women with in-demand skills to look beyond their current employer if they want to maximize their earning potential is great advice for emerging female talent already in good jobs. On the other hand, this same advice is meaningless for women who want to leave dead-end jobs or who were downsized from good jobs. And over the last

few decades more employees than ever have had no choice but to look for career advancement outside their companies, regardless of whether they were in great jobs or terrible jobs to begin with. As downsizing has become more common, climbing the traditional job ladder within a large corporation is not an option available to large segments of the workforce.

Kronberg argued that women who left a job involuntarily due to layoffs are likely to discover that job vacancies in the same field might be in short supply. Along the same lines, women who had the misfortune of being fired may struggle to overcome the negative signals that event can send to employers. Overall, involuntary dismissals are associated with worse outcomes for women as they try to land a new job quickly, ideally before their unemployment benefits expire and even if it means settling for a job that pays less than their previous position. One way to tackle the gender wage gap might be for business schools to help their students understand the key skills both men and women will need to successfully pursue a boundaryless career (e.g., networking skills, seeking out opportunities for continuous learning that will sharpen skills, etc.).

Indeed, over the past few decades employees have been operating under a new psychological contract, where employees and employers no longer have mutual expectations that involve a long-term career commitment. In today’s work environment, job security and career ladders are harder to find. As a result, women without a variety of career options continue to suffer the consequences of a long-standing gender pay gap even if they want to do better. And that is why Sheryl Sandberg, the COO of Facebook who is also the author of the book *Lean In*, did more than just offer tough love by telling women to seek out positions of leadership even if they are struggling to juggle family responsibilities and so on. In effect, Sandberg was also arguing that corporate executives in America, particularly women, need to speak out and identify the barriers that are holding other women back.

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