



I Do's and Don'ts: How Changes in Marriage, Divorce and Childbirth Are Redefining the Workplace

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According to a new study by [Betsey Stevenson](#) and [Justin Wolfers](#), professors of business and public policy at Wharton, marriage and divorce rates in the United States are both at historic lows. Specifically, the number of people getting married, which has been falling for the past 25 years, is at its lowest point in recorded history, while the divorce rate in 2005 reached its lowest level since 1970.

When Stevenson and Wolfers began to analyze the changing market forces behind these new statistics, one thing became clear: The same forces that play a role in marriage and divorce statistics -- namely birth control, partial closing of the gender wage gap, the rising age of first marriages and dramatic changes in home technologies -- have also had a significant impact on businesses and employees.



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"The factors that changed the landscape of personal relationships and families play out in the workplace, too, since the same people make up both labor markets and families," says Stevenson. "It's always valuable for firms to be aware of the labor market they are dealing with."

No Intent to Procreate

In a paper titled, "Marriage and Divorce: Changes and Their Driving Forces," Stevenson and Wolfers acknowledge that when it comes to marriage, economic models have often tried to explain how and why families form. According to Stevenson, a 1981 "Treatise on the Family" by Nobel-prize winning economist Gary S. Becker proposed a marriage theory based on "production complementarities." In Becker's theory, a husband and wife specialize in the market and domestic spheres, respectively, and hence are more productive together than apart. This division of labor comes in handy in what Stevenson calls the "production and bearing of one's children."

But the two Wharton experts invoke singer-songwriter Bob Dylan's lyrics to *The Times They Are A-Changin'* to explain why marriage models like Becker's may need to be reconsidered, noting that "the family is not a static institution." According to Stevenson, the notion of production complementarities has been undermined in modern family life, and she cites the reasons why.

"Increased longevity and declining fertility mean that most of one's adult life is spent without one's own children in the household, and the rise in marital formation at older ages, including re-marriage, means that many families form with no intention of producing children," she writes. "Moreover, increases in female labor force participation suggest that household specialization has either declined or taken on a different meaning."

These changes, the researchers suggest, are due to several key factors:

- Marriage is now less prevalent at a younger age among both men and women. This was always true among men: In 2004, men first married at age 27, a reflection of a trend first documented in the 1890s when the median age for men to marry was 26 (a brief exception in the mid-1950s found men marrying at age 23). But in 2004, the marriage age for women also increased and the median age at which women first marry rose from 22 years to 26. "The departure is that the age gap between men and women has declined through the past

century."

- The fact that men and women now marry later in life may also reflect the declining role of fertility and childrearing in married life, notes the study. "In 1880, 75% of married people lived in a household in which their own children were present.... By 2005, only 41% of married people had their own children present in the household."
- Once called the "invention that defined the 20th century," the introduction of the birth control pill improved control over fertility, "changed the timing of marriage and births, and also facilitated the increase in women's accumulation of human capital by reducing the risk of disruption to women's education or labor market plans," according to the study. One important result of birth control, Stevenson says, "is that it shifts the paradigm in the family, and gives women more control over their career paths. An unplanned pregnancy was once really disruptive. But the business of birth control has affected what women are doing and their incentive to be in the labor market."
- The emergence of labor-saving technology in the home (freezers, washing machines, dryers and dishwashers, to name a few) and the development of service industries (particularly in food preparation) allow much of what was once provided by specialized homemakers to be purchased outside the home. "The time-saving effects of these new technologies dominated," write Stevenson and Wolfers, "leading women to spend less time working in the home and more time in the market, thereby increasing female labor force participation." Says Stevenson: "When it comes to household technology, the market stepped in and said, 'You don't need a specialist at home. We can increase your efficiency by letting you purchase things that used to be made (by you).' Certainly that's played a huge role in women working. The cost of purchasing these goods in the market place has come down, while the cost of staying home has gone up."

These patterns, the authors argue, have prompted a shift from Becker's production complementarities theory to explain why marriages work. Instead of specialization, marriages are now built more around "leisure and consumption complementarities," which increasingly pairs men and women with similar incomes and interests. This newer pattern of marriage -- together with the trend towards postponing marriage and the ability to control fertility -- is causing dramatic changes to unfold in the business environment.

Romance on the Job

"A lot of the changes in the family have direct implications" for the workplace, says Stevenson. These changes have "pushed women into the labor force. For example, people are living longer and having fewer children. As a result, the number of years that one spends raising children is smaller in relation to the number of years during which one wants to be productive. [If most of your lifetime] was spent raising children, your incentive to be in the workplace would not be that great. With this no longer true, it is more costly for women to stay out of the labor force."

Which brings Stevenson to another point: Women are delaying having their first child. "Higher-skilled women are delaying marriage and children, often into their early 30s. They are staying flexible and investing in their careers -- waiting to have children until they have more information on how their careers will play out. Today, highly-skilled women in the workforce are looking just like highly skilled men. They have increasingly similar incentives to invest in their own human capital."

And contrary to popular news reports, Stevenson says statistics -- in particular research by Claudia Goldin, professor of economics at Harvard -- do not support the notion that women opt out of the workforce after having children. A Mellon Foundation study done in the mid-1990s of 10,000 female college students who had graduated in or before 1981 found that 58% were never out of the job market for more than six months total in the years that followed college or graduate schools; on average, the survey

found that women spent just 1.6 years out of the labor force and that only 7% spent more than half of their time away from employment.

When she compares these statistics to studies of more recent female college graduates, Stevenson sees little change. Referring to preliminary studies from the National Vital Statistic System, she notes that they support her findings that women are having children later in life and that around 80% of college-educated women in their 30s work. "There has been a media craze on women opting out, but it's not supported by the data," she says. What about taking time off, and not going back fulltime? "That certainly happens, but it's always happened and it's decreasing for all the reasons we talked about: Women are more invested in their own human capital, there's more to lose by dropping out of the work force, they can control their own fertility and they are living longer. Taking time off can be costly. Certainly women have always faced enormous pressure on their time, and there will always be women who choose to stay home. But the trend is toward more continuous time in the labor force."

The fact that individuals are postponing marriage and entering the workforce for longer periods of time "poses a whole new set of questions about workplace standards" for romance and nepotism, Stevenson says, noting in the paper that "increasingly sexually-integrated workplaces now create greater opportunities for men and women to meet." A recent survey by online career site Vault.com found that nearly 60% of workers have been involved in an office romance, up from 46% three years ago; 38% of those polled know of an ongoing office romance. According to global outplacement firm Challenger, Gray & Christmas, 35% of employers have no formal policy regarding romance between co-workers.

Stevenson agrees with Challenger about another workplace trend: the potential for the Internet to facilitate romance, and how substantial use of the Internet for personal interests has already challenged the workplace. Write the authors: "The potential of the Internet to increase the efficiency of matching provides another important shock.... Data from Forrester Research suggests that in 2004, 16% of singles are using online personals, while a September 2005 Internet Tracking Poll suggests that 3% of Internet users who are currently coupled first met online. Online search differs from offline search in two important ways: It expands the set of potential partners and it affords a degree of anonymity."

The larger mainstream dating sites, they add, "also allow for narrowly-tailored searches, reversing the typical temporal pattern of courtship from one that assesses attraction before suitability to one in which couples can ensure that they are appropriately matched on information about religion, fertility and marriage aspirations, income or other important factors, before ever meeting." And while Stevenson expects the use of Internet matching to continue, she alludes to its inherent ability to deceive and its reputation as a known breeding ground for distortion and untruths. Data suggests that "over one-third of those using online personals are currently married," Stevenson points out.

As firms realize that workers stay single longer, she says, "There is enormous pressure for the workplace to combine this melting of home and work. Firms add lounges and kitchens that are comfortable and well designed: They look like a living room where you can enjoy your coffee. If you have couples without children in the same workplace, there may not be much of a divide between home and work. And when you have more of a mix of singles, firms are already feeling that this may be more than just a place to do business."

While the authors have no definitive answer for how this trend will play out, they suggest in their study that "a related shock to future marital patterns" and their impact on the workplace is the "sharply changing gender ratios on college campus.... While women were a distinct minority of undergraduates in 1960, they are now a clear majority."

Women with a college degree "have traditionally married men with college degrees," Stevenson says. "As more women than men graduate from college, are they going to not marry, or marry men without college degrees? That's the \$64,000 question when it comes to marriage. It's very hard to predict what impact this will have on the workplace, although it is clear that among the pool of skilled workers, a growing share will be female."