

Chapter 10

The Shareholder Value Society: A Review of the Changes in Working Conditions and Inequality in the United States, 1976 to 2000

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Increases in income inequality in the United States over the past quarter-century have been well documented (Murphy and Welch 1992; Karoly 1992; Freeman 1997; Levy and Murnane 1992; Katz and Autor 1999). Everyone has agreed to three main facts: income and wage inequality increased in the 1980s, stabilized in the late 1980s and early 1990s, then began to increase until the late 1990s, when it once again stabilized (Freeman 1997; Lee 1999). Generally, the workers who fared the worst in these changes were those who did not finish high school. They saw their wages relative to those of college graduates slip by at least 30 percent (Freeman 1997, Lee 1999; Mishel, Bernstein, and Schmitt 2001). Finally, women generally saw their situation improve relative to men over the period (Karoly 1992; Freeman 1997). From the data, it appears as if low-skilled men suffered the brunt of these changes (Lee 1999).

There has been a lively theoretical and empirical debate over the causes of these changes (for some review articles, see Topel 1990; Fortin and Lemieux 1997). Some observers have concluded that most of the change stemmed from the increase in demand for skilled labor caused by technological change (Katz and Murphy 1992; Bresnahan, Brynjolfsson, and Hitt 2000; Krueger 1993). Others have focused attention on institutional factors, such as the decline in unions and the lack of any increase in the minimum wage (Lee 1999; Freeman 1997; Card 1992). Still others have tried to examine how the continuing shift from manufacturing to services and the increased exposure to world markets has helped skilled workers and hurt unskilled workers (Freeman 1997; Bluestone and Harrison 1982). Finally, some researchers have focused on the depressive effect of immigration patterns on the wages of low-skilled workers (Borjas 1999). This debate turns very much on how we measure these factors and their effects.

A related debate concerns how work and jobs have changed in the past twenty-five years. Many observers argue that during the 1980s the employment relation in the United States began to change for all workers (see, for example, Osterman 1999; Gordon 2000; Pfeffer and Baron 1988; Blair and Kochan 2000). Firms began to redefine their core workers and to downsize, outsource, and employ more contract workers. This made workers generally more insecure, and as we show, dissatisfied with work. This chapter reviews the literature on this subject and tries to link these changes to shifts in income inequality.

We provide descriptive evidence consistent with the view that work changed over this period as income became more unequally distributed. The literature shows very clearly that not only did workers on the bottom of the skill distribution fare poorly by losing ground on wages, but they also encountered less safe working conditions, found themselves working less regular shifts, received fewer benefits such as pensions and health care, and experienced lower job security and job satisfaction. In essence, the increases in wage inequality were accompanied by a growing insecurity of work for those at the bottom. The evidence is somewhat different for those at the top of the income distribution. While they experienced more insecurity at work as well, they also benefited from the changes in employment relations. Their benefits remained more stable. For those whose incomes went up the most, job satisfaction increased as well as their sense of efficacy at work. Hours of work also increased for those with the highest incomes, but most appear to enjoy their work.

In this review, we first consider more carefully the argument about what has changed in the employment relations of various groups of workers in the past twenty-five years. Then we look at the evidence that measures those changes. We make an explicit attempt to link these changes to changes in income inequality wherever possible. Finally, we discuss the further research implied by our review.

THE RISE OF A SHAREHOLDER VALUE SOCIETY, CHANGES IN WORK, AND INCOME INEQUALITY

There are several remarkable facts that have not been noticed by most of those who have worked on the problem of income inequality. First, all of the changes in working conditions have gone in one direction: they have benefited those with skill who tend to occupy managerial or professional occupations, and not those who hold other kinds of jobs. Second, these changes have occurred across every sector of the economy. Although they may have begun in the hollowing out of the manufacturing sector in the early 1980s, the employment relation and the structure of work were eventually changed everywhere in the economy. Third, it is not just that high-skilled workers, managers, and professionals are doing better relative to other workers, but that other workers are systematically being treated worse. Indeed, it is clear that not only are high-skilled workers benefiting financially, but that they are enjoying better working conditions relative to those of lower-skilled workers, who are finding themselves with lower wages and worse working conditions.

This suggests that there is another story to tell about the past twenty years in the United States that would be consistent with these facts. The changes in employment relations were responses to the economic crisis of the 1970s. The prevailing analysis of the high inflation and slow economic growth of the 1970s was that these problems were caused by a federal government being too intrusive, firms growing fat and lazy, and workers enjoying too many protections in the labor market (Fligstein 2001). Federal policies starting in the Carter administration began to deregulate industries like trucking and airlines to increase competition. They also began to unravel the social safety net in order to decrease labor market "rigidities." Federal policies in the past twenty-five years have consistently curtailed government benefits, like unemployment insurance, welfare, and food stamps. They have made it more difficult for workers to organize and allowed firms to pay lower benefits to workers and engage in mass layoffs. Because the minimum wage was never indexed to inflation, it fell steadily over time.

During the 1980s changes in the market for corporate control promoted "shareholder value" over stakeholder rights. It was thought that management was not focused enough on

profits and too focused on growth and size. With this change in perspective, management culture began to view employees not so much as partners as costs to be minimized. Plants were closed, some economic activities were moved offshore, others were outsourced to lower cost operations (often with low-wage workers working part-time with few benefits), and technology was generally used to make workers less essential (Harrison and Bluestone 1988). As a result, lower-skilled workers experienced less security in the workplace in the form of higher threats of job loss, fewer pay increases, and fewer benefits. The clear beneficiaries of the "shareholder value" solution to the economic crisis of the 1970s were shareholders and the managers and professionals who controlled the restructuring of firms. The stakeholders in firms, particularly workers and communities, lost out (for different versions of this same story, see Appelbaum and Berg 1996; Gordon 2000; Harrison and Bluestone 1988; Osterman 1999).

There is one main ambiguity in our story: the degree to which managers and professionals were made more insecure as well as other workers. In a shareholder value society all workers in all sectors of the economy are potentially subject to the new labor market regime. One way to tell the story is to see middle managers and professionals who had focused on working for a single firm for their entire career as victims of shareholder value (Blair and Kochan 2000; Osterman 1999). In this version of the story, because managers and professionals had more skills, it was not so much that they benefited in the labor market as that they were better able than less-skilled workers to prevent their situation from deteriorating (Bernhardt et al. 2001). Another way to tell the story is to note that the most highly skilled workers were able to take control over their careers and parlay their skills into higher and higher incomes. By changing their loyalty to firms and shifting jobs more frequently, skilled workers were able to benefit from the more flexible labor markets of the 1980s and 1990s and thus raise their wages (DiPrete 1993; Osterman 1999).

Paradoxically, our review of the empirical literature shows support for both perspectives. All workers, including managers and professionals, experienced less job security and tougher work conditions over time. With downsizing, managers and professionals were asked to work more hours at a more intense pace. But they were highly rewarded for this extra work in several ways. We show that managers and professionals who worked overtime came to make disproportionately more than their counterparts who did not work long hours. On the whole, managers and professionals reported higher job satisfaction and a great deal of fulfillment from work. The intensification of work was rewarded by a greater feeling of efficacy at work.

Our review of the literature has brought us to the conclusion that the changes in the workplace from 1980 until the late 1990s came in two waves. The first wave occurred during the recession of the early 1980s. Large corporations closed plants, laid off blue-collar workers, and moved plants offshore. This deindustrialization process, coupled with the recession and the lack of any increase in the minimum wage, depressed wages for people at the bottom of the skill distribution, thus causing the largest increase in income inequality to appear (Card and DiNardo 2002). Wages for this group have never really improved.

The second wave occurred in and around the recession in the early 1990s, when downsizing hit middle managers, professionals, and other white-collar workers and the service sector more generally (Farber 1997a; Schmidt 1999; Appelbaum and Berg 1996). The effect of downsizing was to intensify work for managers and professionals and make them more insecure. Those who were not laid off found themselves expected to work more hours in order to replace the labor of those who used to work for them. As a reward, their income was substantially increased. This created the idea of working "24/7" (twenty-four

hours a day, seven days a week). For those who got this work, the rewards were very high. We also have evidence, however, that today many managers and professionals would prefer to work fewer hours, not more.

Our strategy in this review is to present the evidence for changes in work in six parts. First, we describe what we know about changes in job tenure and job displacement over the period. Second, we consider changes in part-time and temporary work as they relate to work insecurity. In the third section, we take up the conditions of work and discuss changes in benefits and the health and safety conditions of work. The fourth section analyzes changes in hours and overtime and their relationship to changes in income inequality. The fifth section looks at more subjective results on changes in job satisfaction, personal fulfillment, and financial security. The sixth section explores the themes raised in the other sections by analyzing some recent data on changes in working conditions in California.

The most difficult evidence to gather concerns the link between the actions of firms and the response of workers. We have little direct evidence of what exactly firms did. Instead, we (and others) use the available large-scale datasets to look for results that plausibly fit what we know about firms that tended to reorganize themselves during the 1980s and 1990s.

CHANGES IN TENURE AND JOB DISPLACEMENT, 1975 TO 2001

* One of the main themes in the literature on new forms of work is the growing insecurity of work. There are a number of ways to index the changing insecurity at work. If labor relations regimes have changed, then we would expect job tenure (defined as the time that an individual has been employed with the current employer) to decrease for all workers. More important, if our hypothesis on the bifurcation of work is correct, the decline of job tenure would be greater for blue-collar and service workers. Second, and relatedly, we would expect to see more job displacement for workers over time owing to plant closings and downsizing. This, again, should be particularly true for blue-collar and service workers. Finally, we would expect to see increases in part-time employment, temporary employment, and contract employment. Such increases in nonstandard employment would reflect the reluctance of firms to make commitments to employees and their desire to avoid paying benefits. This section presents evidence on the changes in tenure and job displacement; the increase in nonstandard employment, another indication of insecuritization, is discussed in the next section.

There are several ways in which changes in insecurity could be related to increased income inequality. First, less tenure on the job and more frequent job shifting imply that workers are getting less on-the-job experience and hence have less firm-specific human capital. Over time this decrease in human capital would also make workers' income trajectories flatter, translating into lower overall wages and salaries for all workers if they are equally affected. Moreover, if job turnover is higher among workers with fewer skills (low-skilled or blue-collar and service workers), this could cause increases in income inequality. Finally, the fact that part-time or temporary workers typically do not receive paid benefits such as health care or pensions increases inequality because full-time employees get even more income than their temporary counterparts. We examine this effect in the next section.

A change over time in job tenure—the number of years an individual is employed by the same employer—could reflect the choices of either workers or employers. It is not the same as job displacement due to employers weakening the labor contract. Moreover, overall

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changes in tenure on the job could reflect changes in the age structure. Young people, for example, change jobs more frequently than older workers. If the percentage of young workers were on the rise, then we would expect that tenure on the job in the population would be decreasing.

There have also been problems in the measurement of job tenure over time. The most extensive series of data that we have on job tenure comes from the Current Population Survey (CPS) done by the U.S. Census Bureau. Unfortunately, the wording of the job tenure question changed in 1983. Before 1983 people were asked how long they had held their current job. After 1983 they were asked how long they had worked for their current employer. The problem here is that, as a result of the change in the question, people who had changed jobs within their same employer were probably underreporting their job tenure.

Charles Schultze (1999, 33) gathers the data on job tenure from the CPS and makes an adjustment for the discontinuities in the data. According to his calculation, job tenure dropped about 20 percent for male workers age twenty-five to forty-four from 1963 until 1981. It changed little for workers age forty-five to sixty-four. During 1983 until 1998, job tenure dropped substantially for all age groups. Tenure for workers age thirty-five to forty-four dropped from 6.6 years in 1983 to 4.8 years in 1998. For workers age forty-five to fifty-four, it dropped from 11.0 years to 7.6 years, and for workers age fifty-five to sixty-four, it dropped from 14.8 years to 10.7 years. The largest drops occurred after 1987. Schultze shows that this drop was the most severe for men, while tenure for women remained constant from 1983 to 1998 (37).

Paul Osterman (1999, 41–43) presents similar data based on the CPS. He shows that between 1983 and 1998 the mean tenure on the job dropped for men age thirty-five to forty-four from 7.3 years to 5.5 years. The mean tenure on the job for men age forty-five to fifty-four dropped from 12.8 years to 9.4 years, and for men age fifty-five to sixty-four it dropped from 15.3 years to 11.2 years. Although Osterman's numbers are different in magnitude from those presented in Schultze (1999), the drops in tenure are similar, in the magnitude of 25 to 30 percent. In the data used by Osterman, women experienced little change in average job tenure. Thus, the two studies show substantial drops in job tenure over time.

There is some controversy about whether these "raw" data actually show a decline over time in tenure. Francis Diebold, David Neumark, and Daniel Polsky (1997) make the most forceful argument that what they call "retention rates" of various types of workers have not changed in the overall population from the 1970s to the 1990s. Their work is based on earlier work by Robert Hall (1982) and Manuelita Ureta (1992). These scholars argue that average tenure on the job is the wrong measure to use to understand tenure because the distribution is censored (that is, we do not know how long people will continue to hold their jobs). Using a synthetic cohort approach, they calculate the retention rate for various classes of workers over time. Using this technique, Diebold and his colleagues argue that the overall retention rate for employees has not been going down over time. Henry Farber (1998), using the CPS data, corroborates this result for 1973 to 1993.

But there is also dissension here. David Neumark, Daniel Polsky, and Daniel Hansen (1999) show that overall rates of retention did decrease during the 1990s. Farber (1997b, 2) extends his analysis to 1996 and concludes that "the fraction of workers reporting more than 10 and more than 20 years of tenure fell substantially after 1993 to its lowest level since 1979." The debate reflects the difference in the methods these researchers used and the periods they examined. Whether or not overall rates of retention are decreasing over time,

there is ample evidence that these rates did change over time for different educational, occupational, and age groups. Younger workers have experienced decreases in their retention rates over time relative to those of older workers. Less-educated workers have lower retention rates over time than more-educated workers. Blue-collar and service workers have lower retention rates than managers and professionals, and their rates have decreased over time.

Another strategy to get at this question is to analyze longitudinal data to assess whether changes are occurring for the same individuals over time. The Panel Study of Income Dynamics (PSID) is one source for this analysis. Unfortunately, the problem with these data is not being able to tell whether a person has actually changed employers or has only changed jobs within the same employer. Several studies (Rose 1995; Boisjoly, Duncan, and Smeeding 1998) argue that there has been a decrease in job tenure over time in the PSID. Other scholars (Polsky 1999; Jaeger and Stevens 1999), using different measures, have concluded that overall rates of changing employers have not increased over time. But as with the other studies of retention, these studies agree that within groups there have been changes. Lower-educated, younger, black, and male workers have tended to have higher job turnover over time, thereby supporting the insecurity hypothesis.

Annette Bernhardt and her colleagues (2001) use the National Longitudinal Survey of Young Men (NLSYM) (first interviewed in 1966 and followed up until 1981) and compare it with the National Longitudinal Survey of Youth (NLSY) (first interviewed in 1979 and followed up yearly through 1994). These surveys have several advantages. First, they use unique employer identifiers to ensure that workers changed employers in the measures of tenure. Second, they allow comparisons of two cohorts as they entered the labor market. The first cohort entered the labor market in 1966 and were able to establish themselves during a period of both economic expansion and contraction. The second cohort entered the labor market at the beginning of the turbulent 1980s, when insecurity was supposed to have increased. By studying the same young men over time, it is possible to compare cohort experiences in the likelihood of establishing careers in a particular firm in two different periods. Finally, by studying young men, scholars can see whether the changes going on in the labor market had a particular impact on that group.

Bernhardt and her colleagues (2001, 84–85) show that 35 percent of the earlier cohort had tenure on the job of less than two years while 45 percent of the latter cohort did the same—a change of almost 30 percent. Higher-educated workers and managers and professionals tended toward longer tenure. But even in those groups, tenure decreased across the two cohorts. For example, high school graduates in the first survey with three years of tenure had a 34 percent lower chance of switching jobs than similar men in the later sample (86). Taken together, these results imply that overall retention rates probably fell somewhat for all workers over time.

A more direct way to assess the insecurity hypothesis is to examine more closely the reasons why workers lose their jobs. The insecurity hypothesis can be framed more narrowly around the issue of involuntary job loss. If firms changed their internal labor market practices by closing plants and downsizing, then we should observe higher rates of dismissal for these reasons over time. A second part of this hypothesis is that this change in labor market practices affected blue-collar workers during the 1980s more frequently and managerial and professional employees more frequently in the 1990s.

Probably the most careful study of this was done by Farber (1997a), using the Displaced Worker Surveys (DWS) conducted every two years by the CPS from 1984 to 1996. Displacement is defined as involuntary separation owing to the operating decision of the

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employer. Events such as a plant closing, a layoff without recall, or an employer going out of business count as displacement, while those who quit or are fired for any other reason are not considered to have been displaced. Farber looks at job loss in the past three years as his measure of displacement. There have been several changes in the survey and questionnaire design that affect the ability of the analyst to compare survey results. Still, these are the most systematic datasets available on job displacement for all workers.

Not surprisingly, job displacement was related to the general state of the economy. During the recessions of 1981 to 1983 and 1991 to 1993, there were higher rates of job displacement than during the period 1983 to 1991, when the economy was better. There was one important piece of evidence for an increase in job insecurity. During the 1993 to 1995 period, a period of relative growth in the economy, job loss due to displacement was the highest over the whole period (Farber 1997a, 72). During all of the periods, younger and less-educated workers were more likely than older and more-educated workers to lose their jobs.

Farber (1997a) also showed some interesting differences by occupation and industry. Managers were more likely to lose their jobs during the 1991 to 1993 recession than during the earlier recession of 1981 to 1983. The opposite was true for crafts, operatives, and labor. This evidence is consistent with the observation that in the 1981 to 1983 recession the most vulnerable workers were those in blue-collar occupations, while managers were a more likely target during the 1991 to 1993 recession. Professional, technical, and sales workers also appeared to have higher rates of job loss during the 1991 to 1993 recession. Farber concludes (1997a, 77) that the data seem consistent with the interpretation that the first wave of corporate reorganization involved the permanent closure and downsizing of production facilities and the second wave involved downsizing more white-collar corporate functions. There were industrial differences in job loss during the two recessions. Manufacturing had higher losses in the earlier recession. Finance, real estate, insurance, nonprofessional services, and professional services all had higher job loss rates in the later recession. Thus, the earlier recession was centered more on manufacturing firms and workers and the later recession on white-collar and service firms.

There is other evidence that white-collar employment declined more during the corporate restructurings of the late 1980s and 1990s. Johanne Boisjoly, Greg Duncan, and Timothy Smeeding (1998) show that involuntary job loss increased during the 1980s and 1990s relative to the 1970s for managerial-professional and highly educated workers, using the PSID longitudinal dataset. Their results are similar to Farber's (1997a). Daniel Aaronson and Daniel Sullivan (1998) analyze the Displaced Worker Survey and the General Social Survey (GSS) data to explore this issue. They show that the displacement rates of college-educated workers came close to those of non-college-educated workers during the 1990s. They also show that blue-collar and white-collar displacement rates began to close as well. There is some convergence for these groups in whether people thought they would lose their job in the next twelve months and whether they would have difficulty finding a comparable job. They conclude that during the 1990s educated and white-collar workers became more insecure at work both objectively and subjectively.

It is useful to summarize these results before considering their effects on inequality. There is some evidence that over the past twenty years all types of workers experienced job insecurity, defined as decreases in tenure and increases in job displacement. There is some debate over whether overall tenure rates have decreased. The raw data seem to show that tenure rates decreased substantially for men but not for women. There is agreement that tenure rates declined more for younger, less-educated, and blue-collar or service workers

than for older, more-educated, and professional or managerial workers over time. This points to a new kind of inequality in the workplace.

An important question is how these patterns of change in job tenure and job displacement affect wage inequality. Here the literature is more consistent. Studies that use the DWS show that workers who lose their jobs through displacement suffer substantial periods of unemployment and that earnings on new jobs are well below earnings on previous jobs (Podgursky and Swaim 1987; Kletzer 1989; Topel 1990). Farber (1993) demonstrates that these effects were relatively constant during the 1981 to 1983 and 1991 to 1993 recessions. In a later paper, Farber (1997a) shows that job loss increased during the mid-1990s and that its costs were substantial for all workers. Over time highly educated and white-collar workers have become more vulnerable to job loss and their pay losses have increased. They still have an advantage over other workers and experience less of a pay loss when they are displaced. Since the rates of job displacement and the loss associated with job displacement are quite different for educated and white-collar workers than for less-educated and blue-collar and service workers, job insecurity is a source of earnings inequality. Daniel Polsky (1999) confirms these results using the PSID.

Bernhardt and her colleagues (2001, 130) produce similar results using the NLS studies. They show that displacement has both a short-term and long-term effect on earnings. They also show that workers without a college degree in the recent cohort are more likely to have less tenure and experience and to encounter more job displacement than their counterparts in the earlier survey, and therefore to experience much less earnings growth. Generally, the winners in the recent cohorts were workers with a college degree, employed in a managerial or professional occupation in a high-end service industry. They did better than their counterparts in the first survey because they experienced less job displacement and more tenure and, of course, received higher returns to their schooling (145).

CHANGES IN INVOLUNTARY PART-TIME, TEMPORARY, AND CONTRACT WORK

One other way to measure insecurity on the job is to look at the increase in involuntary part-time and temporary or contract work. Reviews of this literature appear in Pfeffer and Baron (1988) and Kalleberg (2000). There are two dimensions of work that structure our ways of classifying employment relations. First, scholars typically distinguish full-time from voluntary and involuntary part-time work. Full-time work has usually been defined as working thirty-five hours a week or more, while part-time work is defined as working less than thirty-five hours a week. Many part-time workers choose to work part-time because of schooling, age, or family constraints. Workers who want to work only part-time hours are called voluntarily part-time. Those who want to work more than thirty-four hours a week but cannot find the work are called involuntarily part-time.

The second dimension of work that describes employment relations is the nature of the labor contract with the employer. Most workers are employed and paid by a particular employer. There are three classes of other types of work arrangements: contract, other self-employed, and temporary. Contract employees are independent contractors, consultants, and freelance workers. Many of these workers are highly educated and well paid. "Other self-employed" is a residual census category that refers to workers who claim to be self-employed but do not identify themselves as a contractor. Many of these people own small businesses. Temporary workers identify themselves as working in a temporary job. They may work for an employment agency, operate as an on-call worker, or be a day laborer. If

we cross-classify the two dimensions, we can see, for example, that a worker could be part-time but a regular employee.

Most analysts argue that firms began to use more part-time and temporary workers in the 1980s. It turns out that this is not entirely true. Part-time workers in the United States grew from about 13 percent of the labor force in 1970 to 19 percent in 1993, with most of the growth occurring during the 1970s. Citing CPS data, Osterman (1999, 197) shows that in 1979, 13.8 percent of men and 21.4 percent of women worked part-time. In 1983 the figures were 13.8 percent of men and 22.8 percent of women, and in 1993 they were 13.3 percent and 20.0 percent. There was a change in the definition of part-time work in 1993, and subsequent CPS figures are not directly comparable. In 1997 the overall part-time rate was 17.7 percent (Stinson 1997). Thus, part-time employment has not changed very much since 1979, for either men or women.

What has changed is involuntary part-time employment (Blank 1990, 125). In 1979 the rate was 3.7 percent of all male workers and 4.9 percent of all female workers. By 1993 these percentages had risen to 5.5 percent for men and 6.4 percent for women (Osterman 1999, 197). Thomas Nardone (1995, 286) shows that the greatest rise in involuntary part-time employment occurred during the recession of 1981 to 1983. Although involuntary part-time employment dropped a little during the 1980s, it remained substantially higher than during the 1970s and continued to remain at a high level during the recession of 1991 to 1993. To summarize, the data support the insecurity story that more part-time workers wish they were working full-time, not that more are working part-time.

Increases in contract, other self-employment, and temporary work over time are harder to track. We know that the fraction of workers who reported in the CPS that they were self-employed has not changed much in the past twenty years (Kalleberg 2000). There has been some increase over time in the percentage of people who work as contractors (Clinton 1997). There is more information about the growth of workers in the temporary category. In 1956 there were only twenty thousand employees in the temporary help industry (Gannon 1984). In 1972 the industry had 0.3 percent of the labor force, and in 1998 nearly 2.5 percent (Kalleberg 2000, 346). Temporary work fluctuates with the business cycle. When the economy is growing, temporary work grows, and when the economy shrinks, temporary workers are laid off. Temporary workers operate as a kind of "reserve army of the proletariat" (Appelbaum 1987). Lonnie Golden (1996) shows that the use of temporary workers tripled from 1982 to 1992, primarily because firms preferred temporary over permanent workers.

The CPS undertook a direct study of employment arrangements in 1995 and 1997. In Osterman's (1999, 58) analysis, the surveys show little change in the number of contingent work arrangements between 1995 and 1997. In his extensive analysis of these data, Farber (1999) shows that 15.3 percent of workers were working part-time, 4.5 percent of whom were involuntary. Among all workers, 82.5 percent had regular employment relations, and 5.9 percent identified as contractors, 5.4 percent as "other self-employed," and 6.2 percent as temporary. Not surprisingly, people who were contractors, other self-employed, or temporary were three to four times more likely to report being employed part-time involuntarily. Temporary workers were most frequently employed part-time, but a large number of them worked voluntarily part-time. The main purpose of Farber's paper is to examine whether people who have become temporary workers are more likely to have taken those jobs because they were laid off.

The data on the role of part-time and temporary work present a mixed picture for the growth of job insecurity in the labor force. There has been no large increase in the number

of people who work part-time since 1980. There has been some growth in the number of workers who are involuntarily part-time, many of whom are temporary workers. But during the 1990s temporary work and the percentage of workers who worked involuntarily part-time seemed to stabilize. Temporary workers now make up about 2.5 percent of the labor force, and involuntarily part-time workers about 4.5 percent.

GROWING INEQUALITY IN BENEFITS AND HEALTH AND SAFETY AT WORK

Changes in job security have been mirrored by changes in benefits and health and safety at work. Over time health and pension benefits have decreased for all workers. But temporary and part-time workers and blue-collar and service workers have seen their access to benefits decrease the most. Further, health and safety issues at work have also been related to growing inequality.

We begin by considering health insurance and pensions. The strongest relationship between being offered these benefits at work and other work-related measures is whether a person works full- or part-time. So, for example, Rebecca Blank (1990) reports (using the CPS) that in 1987 only 16.7 percent of part-time workers were included in pension plans, while 54.3 percent of full-time workers were included. Only 22.6 percent of part-time workers had health care benefits, compared with 76.1 percent of full-time workers. Full-time workers were at least three times more likely to have health and pension benefits as their part-time counterparts.

Barbara Wolfe, Amy Wolaver, and Timothy McBride (1998) use various data sources to piece together changes in health benefits from 1980 to 1994. They show that in 1980, 78.8 percent of families had private health insurance. This had dropped to 70.1 percent by 1994. More important are figures that relate health benefits to income. They show that 38.6 percent of low-income families had health insurance in 1980 and that this had decreased to 24.7 percent by 1994. This change compares with 93.7 percent of high-income families in 1980 who had health insurance and 92.7 percent who had health insurance in 1994. Thus, during the period of greatest change in insecurity, the lowest-income group saw its ability to be covered by health insurance erode significantly, while the highest-income group saw only a slight drop in coverage. This is evidence for an increase in inequality.

Henry Farber and Helen Levy (1998) have updated the trends on health insurance coverage to 1997. Using CPS data, they show that overall private insurance coverage decreased from 73.4 percent in 1979 to 67.4 percent in 1997. The largest drop in insurance coverage appeared between 1988 and 1993. The drop was almost entirely a product of the private sector lowering the rate at which it offered insurance, from 69.1 percent in 1988 to 64.7 percent in 1993. Farber and Levy show that most of these declines occurred among workers who were in either new full-time jobs (of durations less than a year) or part-time jobs. For new full-time workers, the rate decreased from 84.1 percent of workers in 1988 to 78.1 percent in 1997. The rate of health insurance offered in part-time jobs in 1988 was 58.6 percent, while in 1997 it had fallen to 35.5 percent. Farber and Levy show that 80.6 percent of college graduates in 1979 had health insurance and that this percentage had dropped to 76.0 percent by 1997. The largest drop was from 1988 to 1993. Rates of health insurance for workers with only a high school education dropped from 71.4 percent in 1979 to 61.6 percent in 1997. In the past twenty years, we can conclude, health insurance coverage declined for everyone but especially for lower-income or part-time workers. The

largest drop occurred between 1989 and 1993, and the workers who took the brunt of the changes were part-time and newly hired workers.

Alan Gustman and Thomas Steinmeier (1999) consider pension benefits at three points in time—1969, 1980, and 1992—using the Health and Retirement Study, a panel study of a nationally representative sample of households, sponsored by the National Institute on Aging. They present a “good news–bad news scenario.” The good news is that all classes of workers received more pension benefits over time. The bad news is that the top half of the wealth distribution received more and larger increases in both absolute and relative terms than the bottom half of the distribution. So, for example, the top 10 percent of the wealth distribution saw its real pension benefits double between 1969 and 1992, while the bottom 10 percent saw its benefits increase by less than 10 percent. For the wealthiest households, pension benefits increased substantially during both the 1970s and the 1980s. But for the bottom 10 percent, all of the gains occurred during the 1970s and there were almost no gains during the 1980s. Thus, inequality in pension benefits increased over time and increased the most during the 1980s.

Daniel Hamermesh (1999) examines evidence associated with changes over time in what he calls “workplace amenities.” He is interested in two types of change: increases in rates of accidents and increases in working evening and night shifts. Using CPS and Bureau of Labor Statistics (BLS) data, he constructs a time series on lost days due to workplace injury over time. He shows that workers in the top half of the earnings distribution experience lower rates of accident than workers in the bottom half and that the difference between the groups becomes more pronounced over time. As earnings inequality has increased, the safety of working has decreased for those at the bottom. Using the NLSY, Hamermesh shows that the number of lost workdays due to injury on the job was about four times higher in the period 1994 to 1996 for the lowest quartile of the earnings distribution than for the highest quartile (1108).

Hamermesh next considers the issue of workers having to work night shifts. Using CPS data, he shows that from 1973 until 1991, the incidence of evening and night work changed substantially for the workers with the lowest as opposed to the highest earnings. Hamermesh also calculates the income value of these disamenities. He demonstrates that they contributed to the growing inequality between workers at the top and the bottom of the earnings distribution.

Harriet Presser (1995) explores the issue of nonstandard work hours more thoroughly using the 1991 CPS data. Of all U.S. workers in 1991, 40.1 percent did not work a standard eight-to-five schedule, Monday through Friday. She shows that 62.3 percent of part-time workers worked a nonstandard schedule (weekends or evenings or nights), while only 33.6 percent of full-time workers did. Of those working nonstandard schedules, 36.1 percent did so voluntarily, while 58.7 percent were required to do so by their employer. Not surprisingly, those in blue-collar and service occupations were more likely to work nonstandard work schedules than those in white-collar occupations.

HOURS OF WORK AND INCOME INEQUALITY

The issue of how work hours have changed in the past twenty years is a matter of some controversy. Juliet Schor (1996, 29), using CPS data, argues that men increased their work hours only slightly but increased the number of weeks they worked substantially. Women increased both hours and weeks worked. Lawrence Mishel, Jared Bernstein, and John

Schmitt (2001) also show that hours of work per year increased during the 1980s and 1990s, mostly as a function of an increase in weeks worked.

Mary Coleman and John Pencavel (1993a) use the decennial census and the CPS to show that median work hours for men were virtually constant, contradicting Schor's results. Elsewhere, however, they do document the rise of hours of work for women (Coleman and Pencavel 1993b). John Robinson and Geoffrey Godbey (1997) argue that the hours reported in the CPS overestimate real work hours, supporting Coleman and Pencavel's criticism. Michael Hout and Caroline Hanley (2002), however, reanalyze the CPS data and show that one of the differences between Schor's and Coleman and Pencavel's results is that hours increased mainly because of the increase in weeks worked. Arguing that the relevant unit of analysis is the household, they convincingly show that most of the action is in the increase in the hours of working women over time.

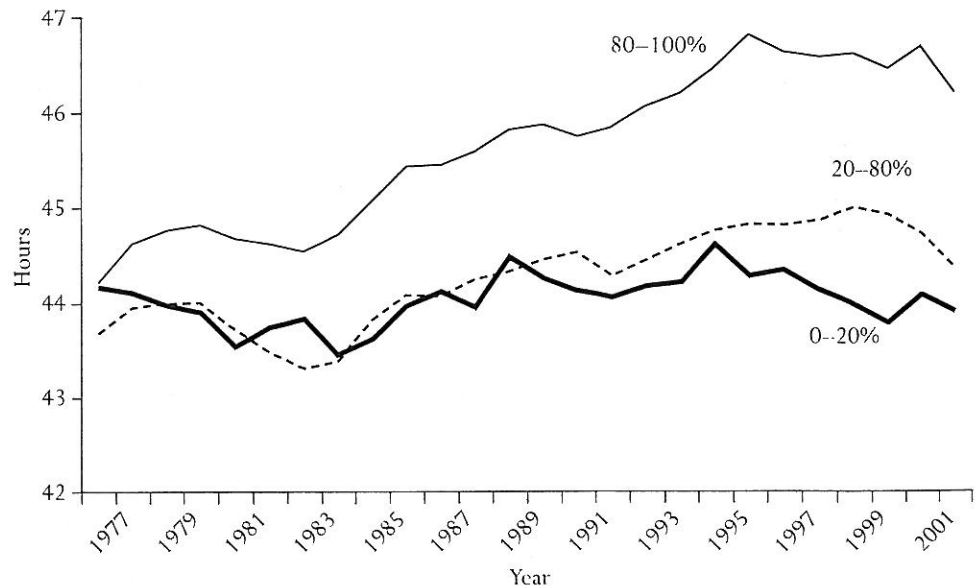
More important for our argument is the role of hours worked in processes of inequality. Here the research is more consistent. It supports the view that during the 1980s and the 1990s hours of work increased the most for educated workers and those in professional and managerial occupations. This finding is consistent with our hypothesis that these employees faced pressures to increase their hours of work as firms downsized. Pencavel (1998) uses the PSID to estimate work hours over time for women and shows that the number of hours worked is highly related to education. During the 1970s women with a college degree worked virtually identical hours to women with just a high school degree. But by the mid-1990s this had changed. College-educated women worked 1,758 hours a year in the 1970s, but by the mid-1990s they were working 1,925 hours a year. Their counterparts with just a high school degree were working 1,727 hours in the 1970s and 1,740 hours in the mid-1990s.

Coleman and Pencavel (1993a, 1993b) confirm these results using decennial census data and the CPS. They show that for men with less than a high school degree, hours of work decreased from 2,033 in 1980 to 1,909 in 1988, while hours of work for men with a college degree increased from 2,114 in 1980 to 2,243 in 1988. Women with less than a high school degree compared with women with a college degree showed a similar pattern. These patterns reversed historical patterns: hours of work were lowest in the 1940 to 1970 period for college-educated workers and higher for workers with less education.

Dora Costa (2000) uses various state-level sources of data to compare work hours between workers of different income levels. She shows that in 1973 the top 10 percent of the wage distribution worked only 93 percent of the hours that the bottom 10 percent worked (162). By 1991 this had reversed, so that the top 10 percent worked 108 percent of the hours the bottom 10 percent worked. The same result holds for women (163).

Philip Rones, Randy Ilg, and Jennifer Gardner (1997) examine data on the percentage of people working forty-nine hours or more a week on average in 1985 and 1993. These levels and increases were highly related to occupation, with managers and professionals registering the longest hours and the largest increase in long workweeks. Forty-five percent of managers claimed to be working forty-nine or more hours a week in 1985, and this rose to 50 percent in 1993. Thirty-three percent of professionals worked forty-nine or more hours a week in 1985, and this rose to 37 percent in 1993. These figures contrast to those for other workers: only 15 percent of service workers worked forty-nine or more hours a week in 1985, and about 16 percent worked this many hours in 1993. Twenty-one percent of skilled blue-collar workers were working forty-nine or more hours a week in 1985, and this increased to 24 percent in 1993. Overall, long hours increased substantially from 1985

FIGURE 10.1 Number of Hours Worked in the Previous Week by Full-Time Workers, by Hourly Wage Percentiles, 1976 to 2001



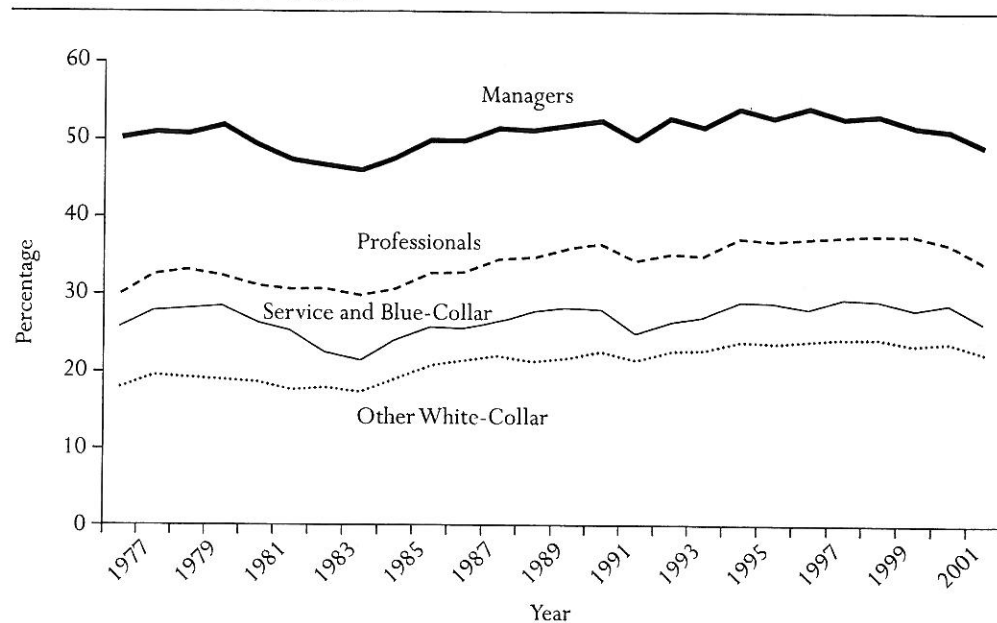
Source: Authors' calculations from the March CPS.

to 1993. But they were already highest for managers and professionals, and these groups experienced the largest gains in hours from 1985 until 1993.

We have produced a similar table for the March CPS. Full-time workers age twenty-four to sixty-four were selected and asked: "How many hours did you work last week?" Figure 10.1 shows that in 1976 the top 20 percent of the wage distribution worked 44.2 hours a week on average. By 1995 this had increased to 46.8 hours a week. For someone working 50 weeks a year, this implies an additional 130 hours, or more than three additional weeks of 40 hours each. The bottom 20 percent of the wage distribution and the middle 60 percent saw their hours fluctuate over the same period between 43.5 and 45 hours a week, without any substantial increases over 45 hours.

These results suggest that the highest-paid employees worked more and more hours during the 1980s and 1990s. It is interesting to ask which occupational groups were being rewarded for their extra efforts. Figure 10.2 shows the percentage of employees who worked overtime for the four main occupational groups. Our results show that around half of managers usually worked over forty hours a week, around 35 percent of professionals, and fewer than 30 percent of service, blue-collar, and other white-collar workers. From 1976 until 1991, these patterns did not change much.

Figure 10.3 shows the average yearly earnings for managers who worked overtime versus those who worked part-time and full-time. Since most managers are salaried, this table gives a good feel for whether managers working more hours earned more. From 1976 until 1981, there was a small gap between those who worked full-time and those who worked overtime. Beginning in 1985, this gap began to widen. Managers who just worked

FIGURE 10.2 *Percentage of Workers who Worked Overtime, by Occupational Groups, 1976 to 2001*

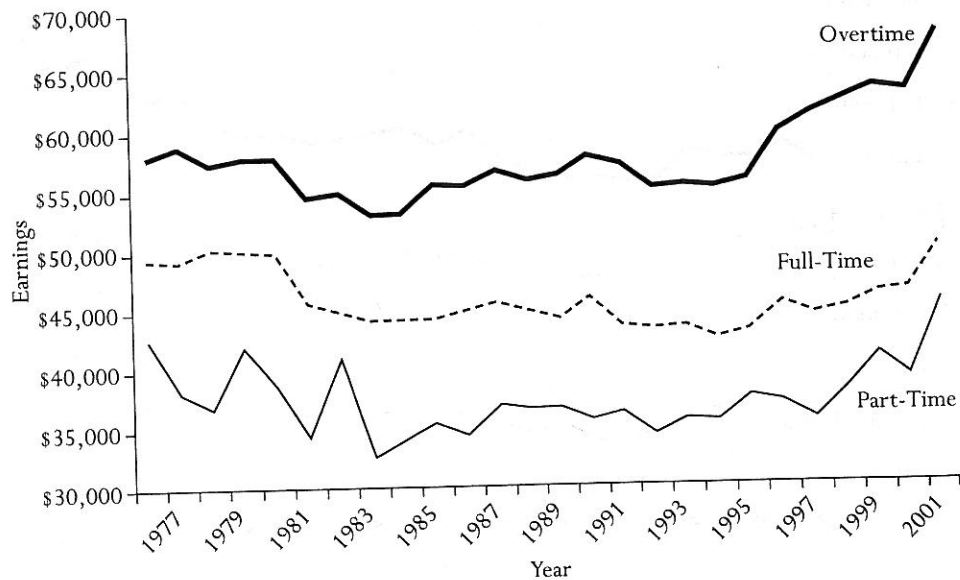
Source: Authors' calculations from the March CPS.

full-time saw their incomes fall between 1980 and 1991, from about \$50,000 to \$43,500. Their average incomes rose thereafter to a little over \$50,000 in 2001. At the same time, managers who worked overtime saw their incomes climb. In 1981 their average income was \$54,500. By 2001 it was over \$67,700. The gap between managers who worked full-time and those who worked overtime increased from close to 17 percent in 1976 to about 35 percent in 2001.

A similar pattern appeared for professionals (see figure 10.4). During the 1976 to 1981 period, there was a gap of 14 to 20 percent between professionals who worked full-time and those who worked overtime. It should be noted that some professionals, like doctors, lawyers, and accountants, do bill their time hourly. So we would expect that there would be a larger income gap between those who worked full-time and those who worked extra hours. After 1981 this gap began to widen, and in 1996 it widened even more substantially. In 2001 full-time professionals earned \$46,600 a year on average, while those who worked overtime earned \$63,400—a gap of about 36 percent.

Taken together, these results support our general story. Hours of work increased the most between 1976 and 2001 for those with the highest wages. Hours of work remained stable for the rest of the wage distribution. These changes in hours show the bifurcation of work that occurred during the reorganization of work in the 1980s and 1990s. The most interesting result is the widening from 1986 to 2001 of earnings differences between managers and professionals who did and did not work overtime hours. Average yearly earnings for managers and professionals who worked additional hours increased from 20 percent more than those of their counterparts working full-time to about 36 percent more.

FIGURE 10.3 Average Yearly Earnings of Managers Who Worked Part-Time, Full-Time, and Overtime, 1976 to 2001



Source: Authors' calculations from the March CPS.

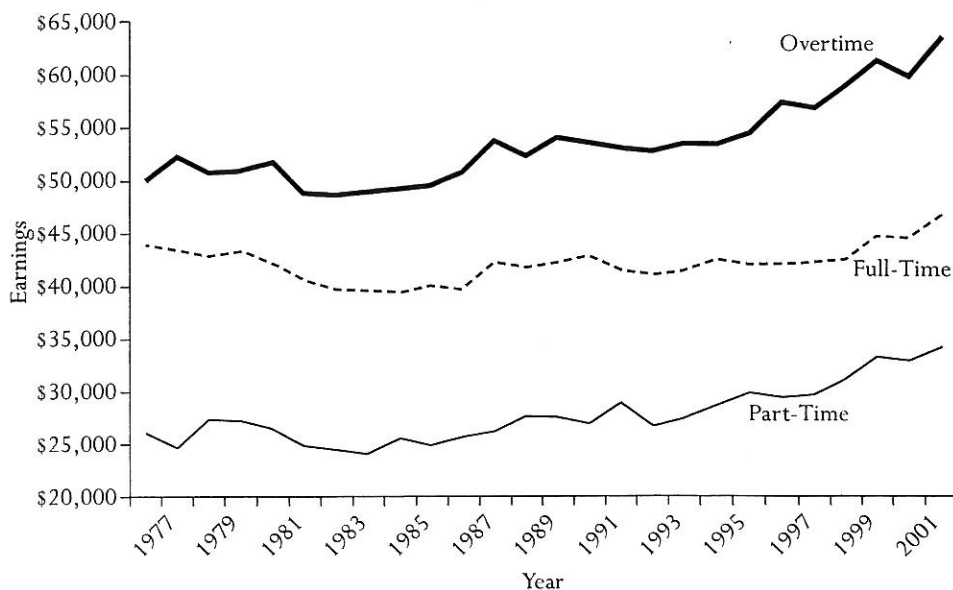
CHANGES IN THE PERCEPTION OF WORK

There has been much less research into how workers have experienced the changes in work. The results presented so far suggest that work became more onerous and less rewarding for those at the bottom of the income, skill, and occupational distributions. It paints a more mixed picture for those at the top. Although those at the top experienced more job turnover, acquired less tenure, and worked more hours, those managers and professionals who took on the longer hours received increased rewards. We can hypothesize that workers in the 1990s notice these changes and subjectively come to view their situation differently than workers in the 1980s.

Stephanie Schmidt (1999) analyzes General Social Survey data that track whether workers think they will lose their job in the next twelve months. She shows not only that this perception is highly related to general economic conditions but that over the past twenty years this fear has increased net of general economic conditions. Finally, she demonstrates that blue-collar workers feared job loss more in the 1980s, while managerial and professional workers feared job loss more during the 1990s.

Figure 10.5 presents data on job satisfaction over time that comes from the General Social Survey. Potential answers to the question "How satisfied are you with your job?" are "very satisfied," "somewhat satisfied," "somewhat dissatisfied," and "very dissatisfied." The "very satisfied" responses—the most evident indication of job satisfaction—were calculated. Here we present data on the top 20 percent of the income distribution, the middle 60 percent, and the bottom 20 percent. In 1978 about 57 percent of the people in the top 20

FIGURE 10.4 *Average Yearly Earnings of Professionals Who Worked Part-Time, Full-Time, and Overtime, 1976 to 2001*

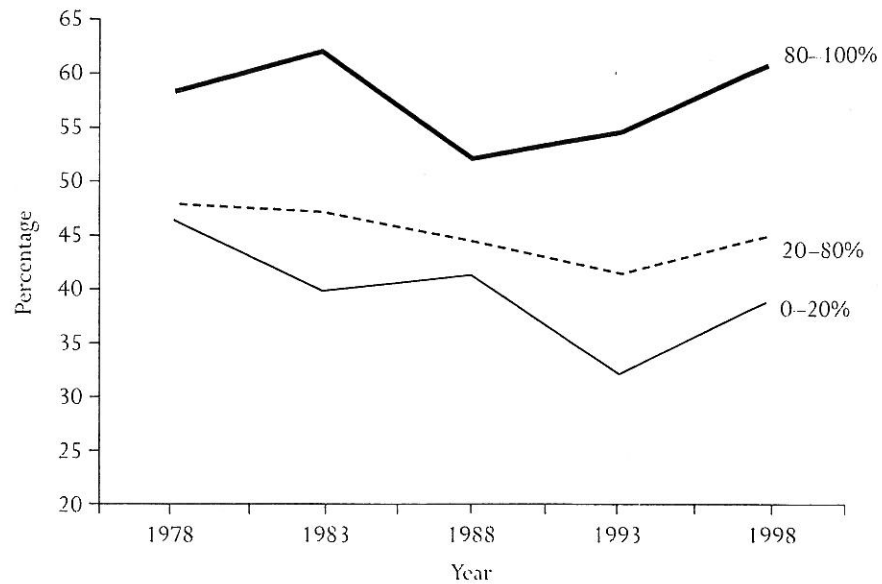


Source: Authors' calculations from the March CPS.

percent of the distribution said they were very satisfied with their job, and this increased to 62 percent in 1998. The rest of the income distribution actually experienced less job satisfaction over time. The middle 60 percent of the income distribution dropped from about 48.0 percent being very satisfied in 1978 to 45.0 percent being very satisfied in 1998, while the bottom 20 percent dropped during the same period from 46.3 percent being very satisfied to 39.0 percent. Clearly, job conditions for those at the bottom were less satisfying after the reorganization of work from 1980 until 2000. For those at the top, jobs became more satisfying.

We also tracked a variable based on the question: "How satisfied are you with your current financial situation?" We coded the answers according to the percentage of those who were very satisfied with their financial situation. Figure 10.6 presents the results. In 1978 only 30.1 percent of the bottom 20 percent of the income distribution were satisfied with their financial situation, and this had dropped to 18.2 percent by 1998. The situation was reversed for those at the top of the income distribution: 47.7 percent reported such satisfaction in 1978, and this had increased to 52.7 percent by 1998. These results thus parallel the changes in job satisfaction. People at the top of the income distribution in 2000 were more satisfied with their jobs and more financially secure than people in that position in 1980. People in the bottom of the income distribution were less happy with their jobs and less financially secure in 2000 than in 1980. From a subjective point of view, this suggests that the reorganization of work that occurred over the twenty-year period had worse effects on those at the bottom of the income distribution than on those at the top.

FIGURE 10.5 *Percentage of Respondents Who Were Very Satisfied with Work, by Family Income Percentiles, 1978 to 1998*



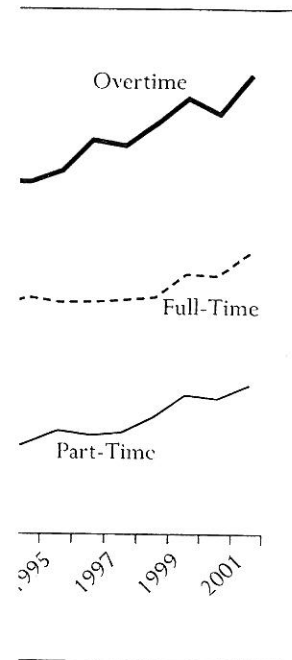
Source: Authors' calculations from the General Social Survey.

THE CONTEMPORARY SITUATION IN CALIFORNIA

We have suggested that the experiences of managerial and professional workers present a more mixed view of the changes in work over the past twenty years. These workers were not immune from the corporate reorganizations, particularly those that began in the late 1980s and early 1990s. Indeed, their job tenure decreased, their involuntary job loss increased, and they became more fearful of losing their jobs. But at the same time, they worked more hours and the rewards for those who worked those hours increased substantially. For these most successful people, their satisfaction with work grew dramatically, as did their financial situation. The growing income inequality that began with the dramatic drop in earnings for less-skilled blue-collar and service workers in the 1980s was accompanied by a growing insecurity, fewer benefits, and fewer work hours for those workers. In spite of being subject to some of the same pressures, those at the top found their work lives improving if they managed to be in positions where hours increased. They earned more than their peers and increased their financial security and job satisfaction.

It is useful to explore this theme in more details. The results reported in the next section come from a survey on working conditions in California conducted by the Survey Research Center at the University of California in the fall of 2001 and sponsored by the university's Institute for Labor and Employment. Although the California Workforce Survey is only a one-shot view of working conditions and covers only California, it asked a number of questions that elaborate how work is differently experienced by managers, professionals and other white-collar workers and by blue-collar and service workers. Details on the survey are in the appendix to this chapter. The data presented here contain results that were

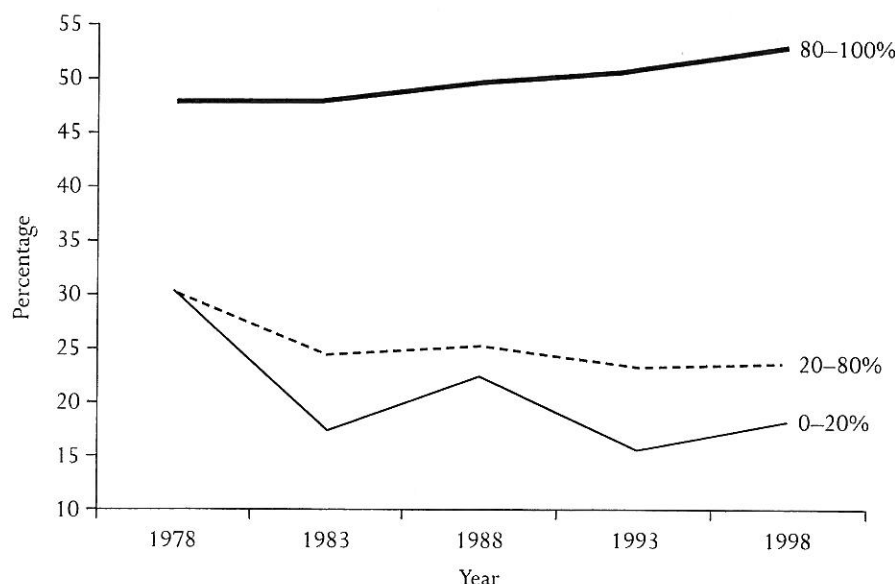
d Part-Time, Full-Time,



ob, and this increased to ly experienced less job tribution dropped from ng very satisfied in 1998, 46.3 percent being very ttom were less satisfying at the top, jobs became

sified are you with your percentage of those who nts the results. In 1978 ition were satisfied with 1998. The situation was ent reported such satis- nese results thus parallel tribution in 2000 were ople in that position in ppy with their jobs and it of view, this suggests eriod had worse effects the top.

FIGURE 10.6 *Percentage of Workers Who Were Very Satisfied with Their Financial Situation, by Family Income Percentiles, 1978 to 1998*



Source: Authors' calculations from the General Social Survey.

consistent with many of the patterns already described here. California is the source of one-sixth of the American economy. It is also home to some cutting-edge American firms and, presumably, labor market practices.

Table 10.1 presents average weekly hours across different occupational categories in California. Managers put in the longest hours, fifty hours a week, followed by professionals with forty-four hours, service and blue-collar workers with forty-one, and finally, other white-collar workers, who work an average of thirty-eight hours a week. These numbers are close to those reported in the CPS for these groups in the entire U.S. labor force.

The significant work-hour differences across occupations can also be seen in the answers to the question: "How often do you work overtime?" Overall, 42.8 percent of California workers reported that they usually worked overtime, while 29.8 percent sometimes did and only 27.3 percent reported that they never did. Although these answers suggest that a huge proportion (72.7 percent) of working Californians work overtime at least some of the time, there are great differences among occupational categories. Eighty percent of managers reported that they usually worked overtime, while 52.7 percent of professionals reported that they did. This contrasts with only 26.1 percent of other white-collar workers and 39.9 percent of service and blue-collar workers. Although managers and professionals were earning the most money, they were also putting in the most hours.

Workers were asked if they were given enough time to do the work assigned to them. A large majority, 83 percent, reported that they were given enough time, but both managers and professionals reported that they were less likely to be given enough time to do their work than other white-collar or service and blue-collar workers. Further evidence of the greater time pressures experienced by managers and professionals can be gleaned from

TABLE 10.1 *Work Hours for Full-Time Workers in California, 2001*

	Average Weekly Work Hours	"How Often Do You Work Overtime?"			"Do You Have Enough Time to Do Work?"	"Does Your Job Involve a Tight Deadline?"
		Usually	Sometimes	Never		
Total sample	41.7	42.8%	29.8%	27.3%	83.0%	53.8%
Managers	50.0	80.0	13.2	6.9	74.0	60.6
Professionals	44.1	52.7	33.0	14.2	78.4	66.8
Other white-collar	38.0	26.1	29.6	44.4	83.5	50.8
Service and blue-collar	41.0	39.9	31.0	29.1	87.3	45.9

Source: Authors' calculations from the 2001 California Workforce Survey.

their answers to a question about whether their jobs involved tight deadlines: 60.6 percent of managers and 66.8 percent of professionals reported having tight deadlines, compared with 50.8 percent of other white-collar workers and 45.9 percent of service and blue-collar workers. These data suggest that managers and professionals were usually working overtime at least partly because they were facing tight deadlines and did not have enough time to complete their work.

One of the most interesting questions in the survey concerned the use of pagers and cell phones in the workplace. One of the defining characteristics of our economy of the last ten years has been the telecommunications revolution, which has made it possible for people to be more closely wired into their workplaces. The California Workforce Survey provides evidence that, indeed, new telecommunications devices have spread across the world of work to an astounding degree (table 10.2). More than one-third of all workers (37.7 percent) reported using a cell phone or pager on the job. Managers were the most likely (65.4 percent) to have a cell phone or pager. Relatively high levels of other workers also had cell phones and pagers: 44.0 percent of professionals, 27.3 percent of other white-collar workers, and 35.0 percent of service and blue-collar workers. Respondents were also asked whether cell phones and pagers were used to keep them in touch after working hours. An astonishing 87.8 percent of managers who had a cell phone or a pager reported that these devices were used to keep them in touch after-hours. Very high percentages of other workers who had a cell phone or pager were also technologically tethered to work: 68.2 percent of professionals, 56.9 percent of other white-collar workers, and 62.3 percent of service and blue-collar workers. These results confirm the view that in the new economy, telecommunications devices are being extensively used to keep workers connected to their offices not only during working hours but after-hours as well. The perception that people work 24/7 is not an exaggeration, particularly for managers.

The California Workforce Survey also asked questions about who determines overtime, and whether workers want more or fewer hours. When asked who determined whether a respondent worked overtime, 61.0 percent said that they themselves determined overtime, while 34.7 percent said their boss did; 4.3 percent said both did. We think that the high voluntary response is due to the fact that workers often formally have the discretion to turn down overtime hours, even if their boss wants them to work them. This number is also highly affected by occupational position: 75.6 percent of managers and 80.9 percent of professionals reported that they determined their overtime hours, while 60.7 percent of

TABLE 10.2 *Cell Phone and Pager Use and Overtime Decisions for Full-Time Workers in California, 2001*

	"Do You Use a Cell Phone or Pager on the Job?"	"Do You Use a Cell Phone or Pager for Work After-Hours?"	"Who Determines Whether You Work Overtime?"		
			Respondent	Boss	Both
Total sample	37.7%	66.5%	61.0%	34.7%	4.3%
Managers	65.4	87.8	75.6	22.7	1.7
Professionals	44.0	68.2	80.9	15.3	3.8
Other white-collar	27.3	56.9	60.7	35.0	4.3
Service and blue-collar	35.0	62.3	42.0	52.6	5.4

Source: Authors' calculations from the 2001 California Workforce Survey.

other white-collar workers and 42.0 percent of service and blue-collar workers had this discretion.

Another indicator of the degree to which people feel overworked is the question "If you could, would you work more hours for more pay, the same hours for the same pay, or fewer hours for less pay?" Overall, 32.1 percent of respondents said that they would work more hours, while 50.1 percent said they would work the same hours and only 8.7 percent said they would work fewer hours (see table 10.3). The breakdown of this variable across occupational groups is quite revealing. Only 17.4 percent of managers and 18.4 percent of professionals reported that they would like to work more hours for more pay, while 32.2 percent of other white-collar workers and 43.5 percent of service and blue-collar workers indicated this preference. These data suggest that while a substantial percentage of other white-collar and service and blue-collar workers are not getting enough hours, most managers and professionals are at their limit. About twice as many managers and professionals wished they could work fewer hours for less pay than service and blue-collar workers (10.7 and 13.2 percent versus 6.4 percent). Not surprisingly, managers and professionals were more likely than the other occupational groups to report having difficulties finding time for

TABLE 10.3 *Work Hours Preferences Among Full-Time Workers in California, 2001*

	"If You Could, Would You . . ."			"Do You Have a Problem Finding Time for Both Work and Family?"
	"Work More Hours"	"Work Same Hours"	"Work Fewer Hours"	Yes ^b
Total sample	32.1%	50.1%	8.7%	35.4%
Managers	17.4	70.9	11.7	47.7
Professionals	18.4	68.5	13.2	40.2
Other white-collar	32.2	60.7	7.1	35.4
Service and blue-collar	43.5	50.1	6.4	34.6

Source: Authors' calculations from the 2001 California Workforce Survey.

^aCategories are (1) work more hours for more pay; (2) work same hours for same pay; (3) work fewer hours for less pay.

^bPercentages reflect full-time workers who answer "very serious problem" or "moderately serious problem."

TABLE 10.4 *Reasons for Working Overtime Among California Workers, 2001*

	Required to ^a	Unofficially Expected to	Enjoy Work	Enjoy Workplace and Colleagues
Total sample	47.7%	46.7%	81.0%	70.8%
Managers	40.2	41.8	80.0	80.0
Professionals	39.1	46.5	85.2	67.5
Other white-collar	43.9	40.6	71.4	64.3
Service and blue-collar	58.2	51.0	72.6	63.3

Source: Authors' calculations from the 2001 California Labor Survey.

^aPercentage who answered "very important" or "somewhat important."

both work and family: 47.7 percent of managers and 40.2 percent of professionals had a problem balancing work and family, compared with 35.4 percent of other white-collar workers and 34.6 percent of service and blue-collar workers.

It is interesting to consider why various groups of workers work overtime. Table 10.4 presents data on this issue. The respondents' answers were coded into four categories: "very important," "somewhat important," "not very important," and "not important at all." We report the percentage of respondents who answered "very important" or "somewhat important" for the various reasons. In the overall sample, 47.7 percent reported working overtime because they were required to, 46.7 percent because they were unofficially expected to, 81.0 percent because they enjoyed work, and 70.8 percent because they enjoyed the workplace and their colleagues.

These results suggest that the vast majority of California workers in managerial and professional occupations like to work because of the intrinsic character of their work and the opportunity to be with their colleagues in the workplace. Our findings that enjoyment of colleagues and the workplace are important reasons for working overtime supports Arlie Hochschild's thesis (1997). In a study of an office of a large firm, she shows that some workers actually prefer work life to home life.

Service and blue-collar workers were most likely to report that they were required to work overtime (58.2 percent), while the other three groups reported being required to work overtime as their reason only about 40 percent of the time. Service and blue-collar workers were also more likely to report that they were unofficially expected to work such hours. This finding reinforces our earlier discussion regarding the high degree of discretion that workers report having over working overtime. Managers and professionals reported higher levels of working overtime because they enjoyed work. Eighty percent of managers reported enjoying the workplace and colleagues as a reason to work overtime. The other occupational groups gave this reason less frequently.

Table 10.5 presents evidence on how rewards are distributed across occupational categories at different levels of work hours. We use three categories of work hours: less than thirty-five hours (part-time work), thirty-five to forty (full-time work), and forty-one or more (overtime). Work hours have a large and direct effect on yearly earnings. Part-time workers make substantially less than full-time workers. Interestingly, full-time workers in each of the occupational categories display less variation than workers who work more than forty hours a week. The most interesting part of the table is the degree to which overtime affects the annual earnings of managers and professionals. Managers who worked more than forty hours a week made \$71,102, while professionals who worked overtime made

TABLE 10.5 *Mean Yearly Earnings of California Workers, by Occupation and Hours Worked, 2001*

Hours Worked	Manager	Professional	Other White-Collar	Service and Blue-Collar
Less than thirty-five	\$20,282	\$32,428	\$16,225	\$13,208
Thirty-five to forty	42,998	47,860	29,275	35,922
Forty-one or more	71,102	75,039	45,414	35,908

Source: Authors' calculations from the 2001 California Labor Survey.

\$75,039. Recalling table 10.1, 80.0 percent of managers and 52.7 percent of professionals reported that they usually worked overtime, while only 26.1 percent of other white-collar workers and 39.9 percent of service and blue-collar workers reported usually working overtime. Thus, managers and professionals both worked overtime and were amply rewarded for working overtime. One other interesting fact from table 10.5 is that service and blue-collar workers who worked overtime did not appear to benefit much for it in their yearly earnings. This result probably reflects the fact that the kinds of jobs that tend to involve working overtime in this large category are more likely to pay low wages. These results are consistent with the results presented earlier from the CPS data.

These results imply a bifurcation of work. Managers and professionals work long hours and usually work overtime. They are likely to do so because they enjoy the work and the workplace and because they are subject to tight deadlines. Although they are highly paid for working overtime, managers and professionals report being tied to work by cell phones and pagers and having problems finding time for both work and family. They are highly rewarded, but they are at their limit in terms of work hours. Workers in other white-collar and service and blue-collar occupations also enjoy work and the workplace and choose to work overtime because for this reason. But they also have less discretion over working overtime and feel more informal pressure to do so when asked. They are also more likely to report that they do not have enough hours of work. Finally, service and blue-collar workers who do get overtime do not appear to get a large benefit from doing so.

CONCLUSION

This chapter considered changes in working conditions as a source of new inequalities in American society. We began by arguing that the economic crises of the 1970s produced the reorganizations of U.S. firms during the 1980s and 1990s. These reorganizations greatly affected the work and earnings of American workers. In the first wave of reorganization, the focus was on blue-collar and service workers. Firms closed plants and offices and laid off workers. During the second wave managerial and professional staff lost their positions.

The main issues we considered were the changes in working conditions. There is evidence that work changed for all workers. Tenure dropped for all workers, involuntary job loss increased, and general fear over losing jobs increased. Involuntary part-time and temporary employment increased, while pension and health benefits decreased. For people who lost their jobs involuntarily, lifetime earnings decreased.

Many of these changes were distributed unequally. Declines in pension and health benefits primarily affected the most vulnerable workers: those who were employed part-time, temporary workers, those who were less-educated, and those in other white-collar, service, and blue-collar jobs. For those at the top of the income distribution, managers and

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professionals, hours of work increased and work intensified. Some of their incomes increased substantially over the incomes of their colleagues who worked just full-time. Workers at the top of the income and skill distributions came over time to also have higher job satisfaction and become more financially secure.

We explored this last theme—the relative position of those at the top and the bottom—in a recent survey of working conditions in California. We confirmed that managers and professionals are working more hours and making much more money than their counterparts who are only working full-time. Service and blue-collar workers wish they were working more hours, and managers and professionals are either happy with their hours or wish they could work fewer hours. Managers and to a lesser extent professionals say that they are forced to work overtime because they are not being given enough hours in which to do their work. But because managers and professionals also appear to like to work and to like being with their coworkers, they are compensated for their long hours with these intrinsic rewards.

Our results suggest a bifurcation of work. Work has become more insecure for all Americans. But there are also great opportunities for those at the top of the skill distribution to work more hours and increase their pay as much as 36 percent over that of those working only full-time. These workers have also gained in job satisfaction and life rewards. Ironically, the intensification of work has given these workers opportunities for increasing their personal efficacy. For those at the other end of the occupational distribution, however, the story is quite different. There are not enough work hours, benefits have declined, working conditions have grown more unsafe, and job and financial satisfaction have decreased.

Given that work plays a central role in American life, it is important to consider what might be done to increase opportunities to have work be more satisfying and rewarding. Some obvious policy changes could be to guarantee access to health care and pension benefits for all workers. Others might take up issues of occupational health and safety standards. It seems obvious that workers in more dangerous occupations ought to be protected by measures that would ensure their safety.

The most difficult issue to tackle is the general downgrading of employment for service, blue-collar, and other white-collar workers. Firms have decided that they can make more money by squeezing less-skilled workers and persuading managers and professionals to put in longer hours (albeit at higher pay) in order to hire fewer of them. The changes in the workplace during the 1980s and 1990s reflect the transformation of the market for corporate control characterized by "shareholder value." The consequence of the transformation was the bifurcation of work. The shareholders who controlled the restructuring of firms reaped most of the benefits of the "shareholder value" solution to the economic crisis of the 1970s. Managers and professionals who worked long hours under intense working conditions were highly rewarded by their salaries, benefits, job security, and job satisfaction. By contrast, the stakeholders in the firms—employees—lost out and were systematically treated worse. From uniformly consistent evidence, we draw the conclusion that the changes in working conditions in the United States reflect a fundamental transformation in the labor market regime and the emergence of a "shareholder value" society.

There is remarkably little evidence that links firms' tactics oriented toward "increasing shareholder value" to actual changes in either their financial position or their competitive position (but see Osterman 1999). We know that firms can advance their share price in the short term by announcing layoffs. But we do not know whether the changes that have produced this new work order have also increased the competitiveness or financial health of

firms. There is controversy in the literature on work about whether firms do better financially by trying to build worker loyalty through empowering them on the job or rewarding them with job security. Firms seem to have empowered some managerial and professional workers, asked them to work long hours, and given them high pay. They have made others more insecure and reduced their health and pension benefits and safety on the job. Whether or not this is a tactic that improves competitiveness is a frontier issue in research.

APPENDIX: DATA AND METHODS

The March Current Population Survey

A series of analyses on earnings and working hours came from the March supplements to the Current Population Survey from 1976 to 2001, which were prepared by the U.S. Census Bureau for the Bureau of Labor Statistics. We used the sample of the respondents who were employed and age twenty-four to sixty-four, excluding those who had a job but were not at work, were unemployed, were not in the labor force, were in the armed forces, or were unincorporated self-employed. The number of respondents who met the selection criteria ranged from 35,715 for 1976 to 52,940 for 1981—approximately 48,000.

A respondent's average hourly wage was annual earnings divided by the product of weeks worked and usual weekly hours. We constructed quintile variable for every twentieth percentile of hourly wage, 0 to 20 percent being the lowest wage group and 80 to 100 percent the highest. All dollar values in this chapter were corrected for inflation using a price deflator based on the official consumer price index (CPI) for all urban consumers. This was necessary in examining changes over time.

Work hours in the analyses refer to the number of hours the respondent worked in the week before the survey. The March CPS uses two reference periods for work hours questions: how many hours the respondent worked in the week before the survey (the week including the twelfth of the month), and how many hours he or she worked in the previous year. It should be noted that the choice of reference period could result in a difference in hours worked. We chose to use the reference period of the previous week because the reference period of the previous year tends to suffer greater errors owing to the longer recall period. Part-time workers were defined as those who worked less than thirty-five hours a week in the previous year. Employees who worked thirty-five or more hours were divided into two groups: full-time workers who worked thirty-five or more but less than forty-one hours, and overtime workers who worked forty-one or more hours a week in the previous year. The definition of part-time workers follows the official definition used by the Bureau of Labor Statistics, and the concept of overtime corresponds to the legal definition.

Owing to the confidentiality of respondents, the public-use files of the CPS report income and earnings that are limited to a certain maximum, or top-code. Values above the top-code are suppressed and imputed as the top-code. During the last twenty-five years the top-coding procedure has changed several times; for example, the top-code for income from wages and salary was \$50,000 for 1976 to 1981, \$75,000 for 1982 to 1984, and \$99,999 for 1985 to 1988. Since a relatively small fraction of workers have their wage top-coded, top-coding does not affect our calculation of quintile variables as presented in figure 10.1. The top-code is much higher than the cutoff value of the top quintile. However, top-coding can affect our calculation of earnings as presented in figures 10.3 and 10.4. If we ignore top-coding and use the censored data in our calculations of wages and salary, the result will be understated. We adjusted for the top-coding problem of the CPS earnings data by multi-

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Since 1996, however, the Census Bureau has lowered the top-codes and replaced all top-coded values with the average values of twelve socioeconomic groups defined on the bases of gender, race, and worker status. Instead of imputing earnings values top-coded at T as 1.4T, as we did for 1976 to 1995, we used the averages provided by the Census Bureau for 1996 to 2001.

In all calculations of the CPS data presented in this chapter, the CPS final weights were used to yield nationally representative estimates. The CPS data used here came from Unicon Research Corporation (producer and distributor of CPS Utilities) in Santa Monica, California.

The General Social Survey

Measures of subjective attitudes come from the General Social Survey. The GSS is a nationally representative annual survey conducted by the National Opinion Research Center (NORC). In this chapter, we analyzed twenty-three surveys between 1972 and 2000, but in some years (1979, 1981, 1992, 1995, 1997, and 1999) the GSS was not conducted, and in others some of the questions included in this study were not asked. The sample used here includes all respondents who were employed and age twenty-four to sixty-four, excluding those who had a job but were not at work, were unemployed, were not in the labor force, or were in the armed forces.

Two questions in the GSS were used in exploring respondents' perceptions and attitudes regarding conditions of work and living. First, job satisfaction was measured by the question: "On the whole, how satisfied are you with the work you do? Would you say you are very satisfied, moderately satisfied, a little dissatisfied, or very dissatisfied?" Similarly, to measure respondents' satisfaction with their financial situation, another question asked was: "So far as you and your family are concerned, would you say that you are pretty well satisfied with your present financial situation, more or less satisfied, or not satisfied at all?" In the two questions on satisfaction, "very satisfied" responses, the most evident indication of job satisfaction, were calculated. The graphical representation of the trends in perceived job security and satisfaction (figures 10.5 and 10.6) indicates the fraction of respondents who showed the most obvious and unambiguous responses to a given question.

The 2001 California Workforce Survey

The fall 2001 California Workforce Survey was designed to assess the state of the California workforce. The survey collected data on California workers' attitudes toward a range of issues as well as on the status, conditions, and practices of their employment. The survey was sponsored by the Institute for Labor and Employment at the University of California and done by the Survey Research Center at the University of California. There were two California samples for this study: a cross-section sample and a union-member oversample. The survey had 1,404 cases, including an oversample of 342 union members. We weighted the sample to compensate for the oversample.

Both samples covered all telephone exchanges in the state of California. A total of twenty-two replicates were created to facilitate sample management—twelve of the twenty-

two replicates were allocated to the cross-section sample in which all adults in residential households were eligible, and the other ten replicates were allocated to the union-member oversample in which only adult union members currently working full- or part-time were eligible. Note that those not currently working were asked most of the attitudinal questions, but of course the questions about their current jobs were skipped.

Both samples of telephone numbers for this survey were generated using a procedure called list-assisted random-digit sampling. This method preserves the characteristics of a simple random sample but takes advantage of the availability of large computer databases of telephone directory information to make the sample more efficient. It allows us to reduce the number of unproductive calls to nonworking telephone numbers and to obtain a higher proportion of households in our sample than we would achieve by simple random-digit dialing.

Briefly, the method worked like this: all possible telephone numbers in the state of California were divided into two strata—telephone numbers from series of one hundred numbers with zero or one residential listing in the telephone directories, and telephone numbers from series with at least two such listings. The sample of telephone numbers used for this project was then generated with random numbers, in order to include unlisted numbers, from the stratum containing series of telephone numbers with at least two residential listings. The stratum containing series of telephone numbers with zero or one residential listing was unlikely to contain many residential numbers and therefore was excluded from the sampling frame. For a detailed description of this sampling method, see Casady and Lepkowski (1993). This procedure resulted in the following sample. The survey had a response rate of 50.8 percent (1,255 respondents out of 2,471 calls).

The following two-digit census occupation codes were coded into the four occupation groups for the CPS, GSS, and California Survey analyses.

Managerial

1. Managers, administrators, and public officials
3. Management analysts
32. Retail and other sales supervisors
51. Supervisors, protective services
52. Supervisors, food services
53. Supervisors, cleaning and building services
54. Supervisors, personal services
61. Farmers, farm managers and supervisors, and other supervisors of agricultural and forestry work
62. Captains and other officers of fishing vessels
71. Supervisors, mechanics and repairers
72. Supervisors, construction trades
73. Supervisors, extractive occupations (oil drilling, mining)
74. Supervisors, production occupations

- 81. Supervisors, motor vehicle operators
- 83. Ship captains and mates
- 84. Supervisors, material moving equipment operators
- 92. Supervisors of handlers, equipment cleaners, and laborers

Professionals

- 2. Accountants, auditors, underwriters, and other financial officers
- 4. Personnel, training, and labor relations specialists
- 5. Purchasing agents and buyers
- 6. Business and promotion agents
- 7. Inspectors and compliance officers
- 11. Doctors and dentists
- 12. Veterinarians
- 13. Optometrists
- 14. Other health diagnosing occupations: podiatrists, chiropractors, acupuncturists, and so on
- 15. Nurses (RNs, LVNs, LPNs)
- 16. Physician's assistants
- 17. Pharmacists and dietitians
- 18. Therapists: physical therapists, speech therapists, inhalation therapists, and so on
- 19. Health techs (hospital lab techs, dental hygienists, and so on)
- 20. Elementary and high school teachers
- 21. College and university teachers
- 22. Counselors, educational and vocational
- 23. Librarians, archivists, and curators
- 24. Lawyers and judges
- 25. Social scientists and urban planners: economists, psychologists, sociologists, and urban planners
- 26. Clergy, social, recreation, and religious workers
- 27. Writers, artists, entertainers, and athletes
- 28. Engineers, scientists, architects
- 29. Computer programmers
- 30. Other technicians (draftsmen, other lab techs, airline pilots, air traffic controllers, legal assistants, and so on)

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8. Administrative assistants
33. Retail sales workers and cashiers
34. Real estate and insurance agents
35. Stock brokers and related sales occupations
36. Advertising and related sales occupations
37. Sales representatives—manufacturing and wholesale
38. Street and door-to-door sales workers, news vendors, and auctioneers
39. Other sales occupations
40. Office and clerical supervisors and managers
41. Secretaries, typists, stenographers, word processors, receptionists, and general office clerks
42. Records processing clerks: bookkeepers, payroll clerks, billing clerks, file and records clerks
43. Shipping and receiving clerks, stock clerks
44. Data-entry keyers
45. Computer operators
46. Telephone operators and other communications equipment operators
48. Bank tellers
49. Teacher's aides
50. Other clerical workers

Service and Blue-Collar Workers

47. Postal clerks, mail carriers, messengers, and so on
55. Cooks, waiters, and related restaurant and bar occupations
56. Health service (dental assistants, nursing aides, attendants)
57. Personal service (barbers, hairdressers, public transportation attendants, welfare service aides)
58. Cleaning and building service (maids, janitors, housekeepers, elevator operators, pest control)
59. Child care workers
60. Firemen, policemen, and other protective service occupations
63. Farm workers
64. Graders, sorters, and inspectors of agricultural products

65. Animal caretakers
66. Nursery workers
67. Groundskeepers and gardeners
68. Forestry and logging workers
69. Fishermen, hunters, and trappers
70. Other farming, forestry, and fishing occupations
77. Extractive occupations (oil drillers, miners)
78. Precision production occupations (tool and die makers, cabinetmakers, jewelers, butchers, bakers, and so on)
79. Precision inspectors, testers, and related workers
80. Plant and system operators (water and sewage treatment plant operators, power plant operators)
82. Railroad conductors and yardmasters
85. Machine operators
86. Motor vehicle operators (truck, bus, and taxi drivers)
87. Railroad (engineers, conductors, other operators)
88. Ships (fishing boat captains, sailors, merchant marine)
89. Bulldozer and forklift operators, longshoremen, and other material movers
90. Fabricators, assemblers and handworking occupations: welders, solderers, hand grinders and polishers, and so on
91. Production inspectors, testers, samplers, and weighers
93. Construction helpers and laborers
94. Factory and other production helpers
95. Service station attendants, car mechanic's helpers, tire changers, and so on
96. Garbage collectors, stock handlers and baggers, and other movers of materials by hand
97. Helpers of surveyors and extractive occupations

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