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How New is the “New Employment Contract”? Evidence from North American Pay Practices by David I. LEVINE, Dale BELMAN, Gary CHARNES, Erica L. GROSHEN, and K.C. O’SHAUGHNESSY, Kalamazoo, Mich.: W.E. Upjohn Institute for Employment Research, 2002, 262 pp., ISBN: 0-88099-231-X.

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Book Reviews

How New is the “New Employment Contract”? Evidence from North American Pay Practices

by David I. LEVINE, Dale BELMAN, Gary CHARNESS, Erica L. GROSHEN, and K.C. O’SHAUGHNESSY, Kalamazoo, Mich.: W.E. Upjohn Institute for Employment Research, 2002, 262 pp., ISBN: 0-88099-231-X.

This empirical book is motivated by the “new employment contract” routinely described in the popular press—flexible pay practices, low employment security, and individual responsibility for managing one’s career, all driven by external market forces—and the alleged triumph of this new contract over the old employment contract—wage rigidities, stable employment, and well-defined job ladders, all driven by internal labour markets. Rather than blindly accepting the pervasiveness of the new employment contract, the authors derive an impressive number of testable hypotheses regarding wage and salary outcomes and trends so that the extent of the old and new employment contracts, at least as pertaining to employee compensation, can be rigorously analyzed. However, as many researchers can attest, it is difficult to find a single data source to address these hypotheses as the ideal data set would span several decades, include numerous employers of all sizes, and contain detailed information on employer and employee characteristics, job attributes, pay practices, and firm performance. The book is therefore centred around empirical analyses of five different data sets, primarily from the United States, which address different aspects of pay practices to test between the old and new employment contracts.

The popular contention of the rise of a new employment contract is essentially

an argument that internal labour markets have weakened. Consequently, the authors review various theories of internal labour markets in chapter 2. Theories in both the neoclassical economics and institutional labour economics traditions are presented and contrasting hypotheses are developed. Chapter 3 reviews the descriptive evidence on changing internal labour markets in the U.S. employment relationship. For those unfamiliar with these topics, these two chapters provide a very useful and readable introduction; those familiar with the literature on job stability, pay-for-performance, and high-performance work organizations might want to start at chapter 4.

Chapters 4-7 are the heart of the book and present the authors’ analyses of four key topics using five data sets. Chapter 4 compares wage structures between large and small employers. If a new employment contract driven by external market forces is replacing the importance of internal labour markets, then the well-known employer size differences (such as the wage premium for larger firms) should be eroding. Using Current Population Survey data for 1979 and 1993 and a nice extension of the Oaxaca decomposition to a difference-in-difference decomposition, the authors conclude that the wages structures for large and small employers are at least as distinct in 1993 as in 1979. Chapter 5

complements chapter 4 by using employer- rather than employee-level data to analyze changing wage structures within and between establishments over a 40-year period. These data, which come from an annual Federal Reserve Bank of Cleveland salary survey, are remarkable for the length of time covered. The central results in chapter 5 are that internal wage structures exhibit a very high level of persistence within employers across time, and that this persistence has not declined in the 1980s and 1990s—in contrast to the predictions of the new employment contract.

If persistent wage structure differences between employers are empirical artifacts that stem from unobservable human capital and skills differentials, then these differences should weaken with better data on job characteristics and skills. Using two unique cross-section data sets that include information on job characteristics and skills, chapter 6 finds that these factors are predictive of wages, but only within firms. In other words, adding measures of job characteristics and skills to the empirical analyses does not remove between-firm differences in wages. A firm that pays above-average wages still pays above-average wages after controlling for job characteristics and skills.

Chapter 7 approaches the question of whether there is a new employment contract from a different angle by asking whether employee attitudes toward pay flexibility have changed. If there has been a paradigm shift from the old, stable employment contract to a new, dynamic contract, employees should now be more accepting of pay flexibility. The authors administered a telephone survey in Vancouver and Toronto in the mid-1990s to compare attitudes with a survey in these same cities that was done in the mid-1980s. The main result is that there is no evidence that employee beliefs about the unfairness of pay cuts have become more accepting in this time period.

In sum, the authors use five distinct, yet complementary, data sets to analyze a number of important hypotheses regarding wage structures and pay practices that relate to whether there is a new, market-driven employment contract. In the authors' own words, "the basic result of this volume is clear: there is no pattern of declining importance of pay rigidities, or of institutional forces more generally, in determining compensation" (p. 160). Or more explicitly, "the death of the old contract has been greatly exaggerated" (p. 170). As such, while it is important to follow the authors' warning not to oversimplify and overstate the postwar presence of the old employment contract, it is equally important not to prematurely overstate the emergence of a new employment contract. Chapter 8 therefore concludes the book by discussing the implications of these results for theory and practice.

While the implications for future research are clear, industrial relations scholars will likely view the discussion of the implications for managers, union leaders, and policymakers as just beginning to scratch the surface. There is also scope for additional discussion of what the results indicate about how labour markets work. The authors conclude that there is little support both for neoclassical human capital theories (because of the persistence of employer-specific wage structures even when controlling for job characteristics) and for institutional theories (because of the persistence of wage rigidities in the face of institutional decline). What are we left with? Perhaps job characteristics or institutional decline are poorly measured. Or is another theory about how labour markets work needed?

With empirical analyses, one can always quibble with data limitations. It's unfortunate that the authors did not have direct measures of employer ability-to-pay and of employee variability of take-home pay across years (since the increased importance of these factors are

also central implications of the alleged new employment contract). But the authors are to be applauded for using multiple data sets that are each well-suited to analyzing specific aspects of pay practices. Moreover, the book is an excellent example of careful empirical scholarship—the results tables are clear and thorough, technical methods are used appropriately, and six of the appendices explicitly provide additional data and variable descriptions, variable means, and supplementary empirical

analyses. This book nicely complements the literature on job stability and scholars, practitioners, and policymakers should pay careful attention to the careful and thorough results of *How New is the "New Employment Contract"? Evidence from North American Pay Practices* when considering the 21st century employment relationship.

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Worlds of Work : Building an International Sociology of Work

publié sous la direction de Daniel B. CORNFIELD et Randy HODSON, New York : Kluwer Academic/Plenum Publisher, 2002, 378 p., ISBN : 0-306-46605-8.

En ce début de XXI^e siècle, la mondialisation est un thème difficilement contournable. Si ses dimensions économiques font l'objet de questionnements et de débats multiples, la réalité de l'internationalisation de la recherche demeure en revanche beaucoup moins bien circonscrite. Ce n'est donc pas le moindre mérite de cet ouvrage que de nous offrir un panorama d'ensemble de la sociologie du travail à travers le monde, et cela pour mieux contribuer — tel est en tous les cas un des objectifs explicitement affiché par les deux éditeurs — au développement d'un dialogue international encore balbutiant aujourd'hui. L'histoire intellectuelle de la sociologie du travail qu'entendend de conter cet ouvrage collectif (vingt-cinq chercheurs y ont contribué) engage quatorze pays d'Amérique, d'Europe, d'Asie, d'Afrique et de la zone Pacifique, la Chine étant certainement la grande absente de cette cartographie mondiale. Assez classiquement, chaque espace national fait l'objet d'un traitement singulier. Signée par un ou des chercheurs du pays étudié, chaque contribution rend compte des principales étapes institutionnelles et intellectuelles qui ont marqué le destin national de la discipline. Heureuse initiative des éditeurs, tous les textes se

concluent par la recension (nom, adresse, contact email) des principaux laboratoires spécialisés en sociologie du travail. Le tout est encadré par une introduction des deux éditeurs et par un chapitre conclusif, signé J.J. Castillo, qui offre une vue synthétique de l'ouvrage.

Bien qu'il soit rigoureusement impossible de résumer un ensemble de contributions nécessairement aussi hétérogènes que les réalités sociales et académiques qu'elles décrivent, plusieurs lignes de force transversales peuvent néanmoins être repérées. La première nous engage sur les chemins de l'histoire propre au domaine de spécialité ici étudié. La sociologie du travail a pris corps à travers le monde sur une période de longue durée qui s'ouvre au tournant des XIX^e et des XX^e siècles (Canada, France, Allemagne, Hongrie, Suède, Royaume-Uni, USA) pour s'étaler jusqu'aux décennies les plus récentes (Australie, Brésil, Inde, Corée, Mexique, Portugal, Afrique du Sud). Non seulement les moments et les conditions d'émergence diffèrent grandement d'un pays à l'autre mais les scissions majeures ont parfois peu à voir. Quoi de commun en effet entre les évolutions finalement plutôt continues des