

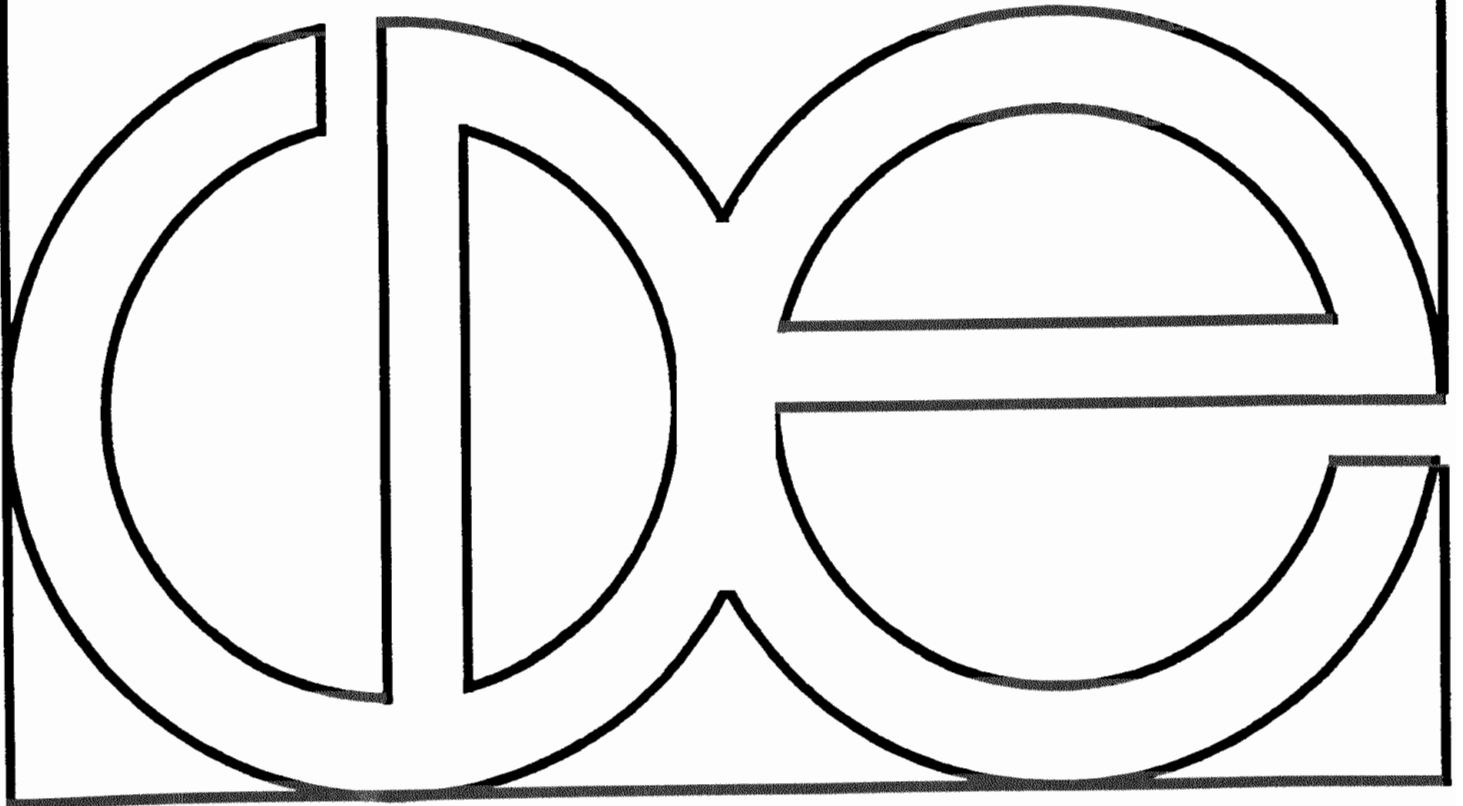
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**FROM THE 'INSTINCT OF WORKMANSHIP' TO 'GIFT EXCHANGE':  
EMPLOYMENT CONTRACTS, SOCIAL RELATIONS OF TRUST,  
AND THE MEANING OF WORK**

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## ABSTRACT

Employers and the employment relationship are largely absent from current research on the meaning of work. Individuals' motivations, needs, and preferences usually serve as a starting point rather than the actions of employers. Work is viewed either as a *creative* act that satisfies an individual need to demonstrate proficiency, or as an *instrumental* act through which individuals attain social and economic rewards. I discuss a relational perspective in which work is embedded in *social relations of trust* between workers and employers. The employment relationship involves implicitly-contractual agreements that define the terms for exchanging economic rewards for labor or service and the social rules, customs, and norms that govern these terms. Usually only incompletely specified and tacitly negotiated, these arrangements rest on workers' and employers' beliefs that both parties will fulfill their obligations. Organizational rules that standardize exchanges help to sustain trust, but ultimately it derives from the structure of relational exchange itself. Unlike individual perspectives, this approach invokes few assumptions about human nature and firmly anchors workers' orientations and beliefs in the employment relationship.

Theoretical perspectives on the meaning of work traditionally assign only a minor role to employers or the employment relationship. Typically construed as the constellation of orientations, attitudes, and sentiments that individuals attach to their work activities, research on the meaning of work often rests on, and is polarized by, competing assumptions about human nature (Tausky 1992). One perspective views meaningful work as a creative act that satisfies individuals' need to exercise mastery over the environment and demonstrate the full range of their talents. Another school of thought suggests that the specific activities performed are incidental to the larger goal of attaining social and economic rewards. In spite of the conceptual gulf that separates these viewpoints, both use individual desires, needs, or preferences as a reference point. The actions of employers and the structure of the employment relationship can alter, expedite, or prevent the development of meaningful work, but they are not central to its definition. Indeed, employers are frequently portrayed as the architects of structures that eliminate meaningful work; and, at best, the employment relationship is depicted in remunerative terms, as an economic transaction that compensates workers for their efforts.

Recent research emphasizes the social foundations of the employment relationship and suggests that work is embedded in relations of trust between workers and employers. The employment relationship involves implicitly contractual arrangements that define the economic terms of exchanging wages for labor or service as well as the social rules, norms, and customs that govern these terms. Usually only incompletely specified, these contracts often reflect the logic of gift-giving or "gift exchange" (Akerlof 1982). Employers offer rewards, and workers provide their services, as part of an economic transaction, but they also observe social norms of reciprocity and fairness. Workers' and employers' trust in the employment relationship--their expectations or beliefs that the other party will act fairly and fulfill implied obligations--provide a social context for work activities.

Relations of trust are reinforced by organizational rule structures that are socially and historically embedded. More often interpreted as evidence of employers' desires to control workers,

they embody social principles of fairness and equity and are rooted in the efforts of workers to stabilize their attachments to the labor force. Organizational rules help to cultivate and sustain trust by restricting opportunities for discretion and reducing uncertainty about the future course of the relationship. Ultimately, however, the significance of trust derives from the structure of the employment relationship itself. Because exchanges between workers and employers are completed only over a period of time, there is always a risk that promised rewards or services will not be forthcoming. Social relations of trust bridge this gap between promises made in the present and their eventual receipt at some later, possibly unspecified, date.

This emphasis on the employment relationship and its social foundations departs substantially from prevailing approaches to the meaning of work. Workers' orientations are firmly anchored in a relational exchange with employers and their beliefs and expectations about how this exchange will be administered. Ostensibly economic in nature, these exchanges are socially structured by relations of trust and normative patterns of behavior. More often, individuals' evaluations of their work situations are detached from these social moorings. The depth of their work commitments and the extent to which their identities are defined by the work role are isolated from the social rules that govern the workplace, originating instead from their own needs and motivations.

## **I. INDIVIDUAL PERSPECTIVES: THE CREATIVE-INSTRUMENTAL DICHOTOMY**

The division of research on the meaning of work into two camps with opposite views of work activities and the individual worker has deep intellectual roots (Tausky 1992). Even a cursory examination of various literatures reveals diverging viewpoints throughout history. The Greeks and Romans expressed extreme distaste for work and believed that it was an activity best avoided. In their view, work contaminated the soul and "brutalized the mind" making it unfit for enjoying the arts, deep thought, and other virtuous activities (Tilgher 1930, p. 4).<sup>1</sup> Early Christians adopted a more

accommodating stance and believed that work was painful but necessary drudgery through which individuals expiated original sin and regained their spiritual dignity. Since then, work has been refashioned as, on the one hand, part of a handicraft tradition in which workers "create products in an atmosphere of joy and independence" (Applebaum 1992, p. 582); or, on the other hand, as a vehicle for "getting ahead," for demonstrating and acquiring material evidence of one's success (cf. Thernstrom 1964; Henretta 1977).

Similar themes are reflected in the current sociological literature where it is possible to identify two enduring positions. The independence and technical mastery exhibited by the 19th century craft worker represents the ideal for one perspective. Work is viewed as a creative act through which individuals demonstrate their capacity for proficiency and fulfill a need for self-expression. Work is a reward in itself and its pecuniary correlates are of little importance. These priorities are reversed in a second perspective. Individuals may seek out difficult and challenging tasks, but the primary motivation lies in the social and economic rewards acquired through work. In spite of their differences, both approaches emphasize individual needs, preferences, and motivations while the actions of employers or characteristics of the employment relationship are largely peripheral concerns.<sup>2</sup>

#### **A. The 'Instinct of Workmanship:' Work as a Creative Act**

Although the guilds and apprenticeship systems of Medieval Europe may be the original source of our romanticized notions of work (Applebaum 1992, p. 267), similar themes figure prominently in the early sociological literature as well. The theoretical traditions of Marx and Veblen portray work as an idyllic state in which individuals fulfill a need for efficient and creative action. Human beings, Veblen argued, possess an "instinct of workmanship"--an "ubiquitous human impulse to do the next thing" (1899, p. 189). This impulse is not simply "serviceable" activity that ensures the

subsistence and smooth operation of a society. It also involves a "proclivity for taking pains," for doing things with an eye to the efficient and creative use of resources (Veblen 1914, p. 33). In Veblen's evolutionary framework, a disposition for efficiency becomes part of the institutional milieu in which we live through persistent application and habituation. As a result, proficiency and technological mastery are deemed to be noble activities; they are an honorable, perhaps the preferred, way to demonstrate prowess and evaluate one's self-worth.<sup>3</sup>

Marx attributes almost a spiritual quality to work. It is a spontaneous but artfully orchestrated activity in which an individual recreates and nourishes the spirit through the transformation of nature's materials. Work is part of one's "essential being;" it fulfills a need to develop and freely exercise one's physical and mental energies (Marx [1844] 1964, pp. 110-111). Through labor, workers not only refashion raw materials into products that meet their own wants and desires, they also recreate and change their own nature (Marx [1899] 1906, p. 198). To achieve this "oneness" with nature, however, the worker must be free to exercise the human capacity for creative thought as well as the skillful execution of plans. This ability to imagine a product prior to its existence sets individuals' labor apart as "exclusively human" and distinct from the actions of the "mere animal" (Marx [1899] 1906, p. 198). In the absence of such freedom, this distinction is lost: the worker "no longer feels himself to be anything but an animal," and spontaneous activity is limited to functions like eating and drinking (Marx [1844] 1964, p. 111).

For both Veblen and Marx, the destruction of this ideal state lay in the emergence of the employment relationship and the actions of employers. The expansion of private ownership, the development of technology, and the imposition of a capitalist mode of production sharply curtail opportunities to achieve fulfillment through work. Coerced by employers to apply their labors for the production of value for others and not themselves, workers become alienated or estranged from their labor. Work is no longer a source of self-affirmation but an activity that "mortifies his body and ruins

his mind" (Marx [1844] 1964, p. 110). The introduction of new technologies diminishes the uniqueness of the worker's expertise and labor becomes "irksome," its significance as a source of esteem perverted by the relative ease with which individuals can acquire material evidence of their competence (Veblen 1899). In short, work is valued largely as a pecuniary activity. No longer a reward in itself, it is "merely a *means* to satisfy needs external to it" (Marx [1844] 1964, p. 111, original emphasis).

Similar themes are woven throughout early empirical research on the meaning of work where theories of alienation provided a unifying framework. Juxtaposed against the image of workers who exercise mastery over their craft and derive esteem from the efficient execution of their daily activities, the conditions faced by the 20th century factory hand or clerical worker sparked considerable concern. How well could individuals adapt to the anonymity of employment in larger and larger establishments, achieve fulfillment, or maintain their dignity through the performance of tasks that were deskilled, isolated, or simply harnessed by new technologies and a web of rules and regulations? (Blauner 1964; Braverman 1974; Walker and Guest 1952; Wilensky 1966; Woodward 1956). Convinced that these conditions generate deep disenchantment with work, some observers attributed not only the countercultural movement of the 1960s, but also the trend towards earlier ages of retirement, and a litany of physical and mental ailments to the lack of creativity and autonomy available in the modern workplace (U.S. Department of HEW 1973).<sup>4</sup> The preferred means of deriving some fulfillment from work lay in the modern version of the independent craft worker--self-employment--or, if necessary, by revising one's expectations and adopting an instrumental orientation towards work (Chinoy 1955; Goldthorpe, *et al.*, 1968).<sup>5</sup>

Although Seeman (1983) recently observed the tenacity of the alienation theme, a search for greater conceptual clarity as well as a desire for less ideological freight have long since generated numerous alternative approaches to the subjective experience of work. Sweeping generalizations about



alienation or estrangement from work have been replaced by more careful considerations of the underlying causal mechanisms, the multiple dimensions, and the various referents of workers' orientations. Scholars have argued against the tendency to presume that ostensibly alienating conditions necessarily generate a void in individuals' lives or that the unhappy worker always reflects an alienating environment (Erikson 1986; Kahn 1972). They have examined other, more specific manifestations of meaningful work, such as satisfaction (Kalleberg 1977), involvement in or identification with the work role (Lorence and Mortimer 1985), attitudinal and behavioral components of work commitment (Mottaz 1989; Mowday, Porter, and Steers 1982), and relationships among these dimensions (Lincoln and Kalleberg 1990; Mortimer and Lorence 1989). These efforts are complemented by more balanced treatments of the putatively destructive role of technology (Spenner 1983, 1985), measured statements about the importance of the work role relative to other life domains (Bielby and Bielby 1989; Loscocco 1989), and distinctions between jobs, employing organizations, and the work role generally (e.g., Lincoln and Kalleberg 1990)

However, the emphasis remains on the individual and the extent to which work provides a sufficiently stimulating array of challenges. Guided by the assumption that work is desirable and rewarding in itself, research consistently examines whether and to what extent these desires are compromised. Do workers use the full scope of their skills and abilities on the job? Are they free to exercise their own judgment in how tasks are completed? Does their work involve fashioning a whole product or service or is it simply a small, almost imperceptible, contribution to a much larger process? (Gruenberg 1980; Kalleberg 1977; Loscocco 1989; Lorence and Mortimer 1985). To be sure, employers are not completely absent from these inquiries, but they are characterized as trying to ameliorate an otherwise unfavorable set of circumstances. Aspects of the employment relationship such as pay, job security, or pleasant physical conditions consistently emerge as sources of satisfaction and attachment (e.g., Dubin, *et al.*, 1976; Goldthorpe, *et al.*, 1968; Gruenberg 1980). Nevertheless,

they are labelled "extrinsic" and set apart from more desirable features such as opportunities for personal growth and independence.

Other approaches focus more explicitly on the employing organization and how its distinctive culture bestows special meaning on work. They identify the components of a specific corporate form, such as participative decision-making programs, Quality Circles or Quality of Work movements, and an array of welfare services, that are designed to elicit deep-seated bonds between workers and their employing organizations (Ouchi and Johnson 1978; Ouchi 1981, Lincoln and Kalleberg 1990). However, several elements of this form betray a remarkable consistency with traditional, individual approaches. For example, "job enlargement" or "job enrichment" programs in which employers attempt to increase the scope and content of work are logical extensions of the belief that work satisfies an individual need (Salancik and Pfeffer 1977). In effect, employers have come full circle: initially viewed as the culprits behind the degradation of work, they are now trying to recover core elements of a "natural" state of labor in which workers are free to pursue their affinity for proficient and creative activities.<sup>6</sup>

#### ***B. Homo Economicus: Work as an Instrumental Act***

Instrumental perspectives view the worker as an economic being rather than a social one (Simpson 1989). They shift the focus away from work as a set of activities that satisfies an individual need for self-expression to the desire for extrinsic rewards and their acquisition through work. Individuals' desires and preferences are still central to the definition of meaningful work, but now the primary concern is how richly they will be compensated for their efforts. The nature of the tasks can contribute indirectly to this end: work that is more complex, that requires more effort or expertise often has higher earnings or status attached to it. In addition, by performing various activities, individuals acquire skills and experiences that are valued in the labor market. Work itself is not an

enjoyable, nor necessarily a desirable, activity; instead, it is a convenient vehicle for accumulating material rewards and other indications of success or self-worth. Not surprisingly, this emphasis on the remunerative aspect of work treats the employment relationship as primarily an economic transaction: it is a source of higher earnings and other forms of compensation but ostensibly holds little significance for the social bonds that link individuals to the world of work.

In its strongest form, the instrumental perspective appears in the persona of *homo economicus*--the hedonistic creature quick to avoid painful, and heed pleasurable, stimuli (Veblen 1898)--that has long been a staple of the economic model of human behavior. Naturally averse to work or any other sort of exertion, individuals engage in a perpetual calculus in which they evaluate the costs of each possible course of action against the potential gains. Only an elaborate reward structure can induce individuals to work and ensure a steady flow of useful activity. Employers must offer sufficiently high wages not only to elicit workers' participation in the labor force but also to deter "shirking" behavior and other, more subtle forms of subterfuge (Parsons 1977; Shapiro and Stiglitz 1984). In addition, the deferral of some rewards, such as pensions, until many years hence is necessary to dampen individuals' motivations to seek short-term gains through malfeasance (Becker and Stigler 1974; Ippolito 1987; Lazear 1979, 1983). In short, workers are not oriented towards their daily activities, but towards the slope of the earnings curve and the "cost" associated with forfeiting deferred income.

Sociological approaches posit weaker forms of an instrumental perspective and tend to eschew the hedonistic psychology that informs the neoclassical economic framework. Nevertheless, they frequently portray workers as capable of, and readily participating in, a rational weighing of the costs and benefits associated with work. Often, it is not work, per se, that is the focus of these calculations but the selection of one job over another as workers search for the highest rewards in exchange for their expertise. Workers are not conceptualized as the indolent or even duplicitous creatures

sometimes depicted by standard economic models: they readily engage in, and seek out, challenging assignments. For the most part, however, individuals are motivated by the correlates of work, such as earnings or status, and not the activity itself.

Theories of job mobility and career attainment, such as the widely-adopted reward-resource model (Tuma 1976), are representative of this approach. The basic premise of this framework is that attachment to a particular job or occupation is the outcome of an iterative process of status maximization. Workers have resources (e.g., education, work experience, specific skills) that are valued in the labor market, and jobs can be ranked in terms of the rewards (e.g., pay, status) associated with them. Workers decide to move between and among jobs, or opt to remain in their current position, by gauging their current rewards relative to the potential value of their resources. Conditional on various individual and structural constraints, workers who perceive a discrepancy between the actual rewards they are receiving and the true value of their resources will be more likely to change jobs. If the current match between rewards and resources is optimal, then attachment to the current position is stronger and a job change is less likely (Tuma 1976; also see Becker 1975).<sup>7,8</sup>

For some, theories of job mobility and career attainment may point to a satisfactory middle ground in the creative-instrumental debate. After all, workers appear to be fairly savvy. They concentrate on the economic and social rewards that are associated with a job and invest judiciously in an array of valued resources that will improve their chances of attaining higher-paying, higher-status positions. Upon acquiring a job that provides an appropriate level of compensation and matches their skills, aptitudes, and aspirations, they can devote their full attention to the activities at hand. In short, workers may defer their desire to do intrinsically meaningful activities until they can engage in such tasks *and* receive a lot of "extrinsic" rewards for doing so.

However, meaningful work is still defined almost exclusively in terms of individual desires, preferences, and needs. The fact that work activities, as well as the rewards for these activities, are

embedded in contractual relationships with employers does not contribute to this interpretation.

Employers are conceived as holders of the proverbial purse strings. They dispense wages and offer an array of fringe benefits. They may also create organizational hierarchies with varying degrees of opportunity and define positions that are more or less insulated from competition. Yet, these characteristics are desired for their remunerative value, for the wages or status associated with them, rather than as manifestations of an underlying social contract. The way in which employers allocate rewards--the rules or standards that guide their decisions--is also an aspect of meaningful work, but it does not figure prominently in these approaches.

The persistence with which individual perspectives on work neglect the structure of the employment relationship is not surprising. The anonymity and authoritarian structure implied by the ideal-typical image of the large, highly rationalized and technologically sophisticated organization is the antithesis of the autonomy and mastery associated with the self-sufficient craft worker. Empirical evidence from early historical scholarship did little to refute these impressions. The bureaucratized and automated workplace was seen either as the inevitable product of organizational growth and differentiation (Chandler 1977), or as a systematic strategy on the part of employers to expand their control over the workplace (Braverman 1974; Edwards 1979; Gordon, Edwards, and Reich 1982). Viewed from this perspective, employers are easily portrayed as denying individuals the opportunity to achieve fulfillment through work. An emphasis on extrinsic characteristics is reasonable: it extracts the best elements from an inherently bad situation. However, more recent historical scholarship and other social science research offers a different conceptualization of the employment relationship, one in which workers and employers engage in economic *and* social exchanges. This view suggests that additional aspects of meaningful work lie in the social rules, customs, or norms that govern the distribution of rewards and work assignments as well as the relations of trust in which these exchanges are embedded.

## II. A RELATIONAL PERSPECTIVE: WORK AS A SOCIAL EXCHANGE

### A. Background

Recent interest in the employment relationship is not unique to any one discipline or specialty area. Instead, it is evident in organizational and labor market sociology (Baron 1988; Granovetter 1985; Halaby 1986), "new institutional" or "new sociological" schools of economics (Akerlof 1984; Williamson 1975, 1985), and a convergence of labor, business, and economic history (Jacoby 1991). The theoretical origins and ultimate aims of these research programs differ, sometimes substantially. Sociological inquiries reflect the continued development of a neo-Weberian agenda. Their aim is to understand not only organizational and historical variations in the configuration of rules that structure the workplace but also the mechanisms by which these rules shape work careers and worker-employer interactions (Baron, Jennings, and Dobbin 1988; Spilerman 1986). A growing body of research in economics represents an effort to address anomalies in the neoclassical framework, such as persistent involuntary unemployment, by reexamining the social and economic institutions in which economic transactions are embedded (Akerlof 1980, 1982; Langlois 1986; Solow 1990).<sup>9</sup> Finally, recent historical studies redress the excesses of the "old" labor history. Written from the "top down," this earlier tradition focused primarily on economic institutions and the industrial policies of large corporations, whereas scholars now attend more closely to the daily lives of workers and their relations with employers (Brody 1979; Jacoby 1991; Licht 1983). In spite of these different intellectual roots, the social basis of exchanges between workers and employers is a common theme linking these endeavors.

These various specialty areas share a conceptualization of the employment relationship as a set of economic and social contracts between workers and their employing organizations (Akerlof 1982, 1984; Baron 1988; Williamson 1975, pp. 57-81). Comprised of economic terms and social rules, employment contracts define the broad outlines of worker-employer exchanges and the social

principles that guide their administration. They identify the general tasks that workers will perform, the rewards that employers promise to provide, and the rules that determine how those rewards are allocated. They establish lines of authority, distinguishing clearly between a group of persons called workers and a group of persons called employers or managers as well as their respective rights and obligations (Langlois 1986, p. 17). Workers must comply with a set of rules. They cede the right to hire and fire, to promote and demote, to define the length of the working day as well as the wage rate. But in return, workers are protected from unfair treatment by systems of governance that restrain managerial discretion and mete out praise and punishment according to standard and identifiable criteria.<sup>10</sup>

Shadows of Weber's bureaucracy and its maze of rules and regulations emerge here. Like legal-rational forms of authority, the language of employment contracts depicts a workplace governed by "*calculable rules* and 'without regard for persons'" (Weber [1946] 1958, p. 215, original emphasis). Although the codification of worker-employer arrangements minimizes arbitrary and subjective decision-making, it also evokes images of an anonymous and hierarchical organization that dehumanizes work and governs by the implacable, and impersonal, rule of the law. In practice, however, employment contracts rarely formalize every facet of the workplace with a system of rules that is "more or less stable [and] more or less exhaustive" (Weber [1946] 1958, p. 198). Instead, they are often implicit or tacit. Employment contracts may amount to "invisible handshakes" (Okun 1981) or "shared understandings" about who directs whom and to what extent (Langlois 1986, p. 17). They are agreements about general formulae for addressing categories of problems or issues rather than a detailed protocol for any and all events and conditions that may arise. Like explicit "contracts," in a narrow sense of the term, they incorporate social principles and customs, but they are only incompletely specified and loosely binding.

## **B. Gift Exchange, Norms of Reciprocity, and Social Relations of Trust**

The "sociological economics" of Akerlof (1980, 1982, 1984) illustrates the social rules that underpin economic exchanges. Noting the loose relationship between the value of economic rewards paid and the amount of labor supplied, Akerlof argues that the employment relationship is best conceived as an example of "gift exchange." Like the logic of gift-giving, exchanges between employers and workers are governed by social norms of reciprocity rather than the utility- or profit-maximizing rules typically associated with economic transactions (Mauss 1954; Titmuss 1970). For example, employers allow economic as well as social considerations to determine wage rates. They may pay wages that exceed the market rate not simply as an economic strategy to deter "shirking" (Shapiro and Stiglitz 1984), but also in adherence to socially-defined notions of what constitutes a fair and equitable rate of pay. Higher wages represent a "gift" that is at once tangible reward and symbolic gesture. It demonstrates the kind of rewards that employers can provide as well as the social customs or norms they will observe.

These actions elicit reciprocal gifts on the part of workers. They will exert greater effort on the job and, in Akerlof's terminology, exhibit stronger "sentiments" or "loyalty" towards the organization. Workers who perceive that employers' wage rates represent a policy of fair and standard treatment, rather than the invidious distinctions that ensue when wages are tightly coupled with individual productivity, feel obliged to reciprocate lest the policy change. They respond by performing at or above some expected level of productivity and by developing noninstrumental attachments (loyalty) to the employing organization. However, this response is determined not simply by the anticipation of economic gains but also by a belief that the employer's governance practices conform to prevailing standards of social exchange.

In more sociological terms, the gifts of wages and effort or "sentiments" exchanged in Akerlof's model reflect social relations of trust between employers and workers. Employers provide



rewards, and workers engage in productive activities or develop attachments to a firm, with the expectation that the other participant will reciprocate (Blau 1964, pp. 91-97; cf. Gouldner 1960). There is always a risk that the other party will not behave as expected. Employers sometimes renege on their promises to pay or otherwise reward workers; and, workers can engage in shabby workmanship or take their wages and depart for another, higher-paying or less-demanding job. Trust involves the incorporation of this risk; it is the willingness to act without full knowledge of the future actions or behaviors of others (Coleman 1991, p. 91; Dasgupta 1988). For example, by defining and allocating rewards according to social principles of fairness and impartiality, employers set aside short-term self-interests. They attach the health of their business enterprise--stability of production, absence of strife in the workplace, retention of workers--to the future behavior of their employees. Similarly, workers' "sentiments" or effort in the workplace is not based simply on gratitude for high wages. It also reflects their beliefs that employers will abide by a social code of governance, that they will administer the employment relationship fairly and equitably (also see Selznick 1969).<sup>11</sup>

Trust is neither pervasive nor self-sustaining. In the absence of supportive structures or repeated invocations, it will dissipate. In Akerlof's model, trust is maintained by the repeated exchange of gifts. These actions establish an environment which is conducive to trust, and the logic of gift-giving may spread to other areas of the workplace, such as broader interpretations of work rules (Akerlof 1982, 1984). Other features of the employment relationship, such as the rules that govern the distribution and allocation of rewards, also help to cultivate and sustain social relations of trust. They do so by restraining managerial discretion and plotting the future course of the employment relationship. More frequently recognized by individualistic perspectives as "extrinsic" characteristics or rewards for work, they are often historically embedded in the efforts of workers to establish fair and reasonable standards of governance.

### Extrinsic Rewards as Trust-Preserving Structures

The tendency to view nonwage benefits and other aspects of the employment relationship as extrinsic rewards that contribute to the value of total compensation is not unique to individual perspectives on the meaning of work. Other researchers also construe them as indicators of the general "quality" or "capital value" of a job (Halaby 1986; Jencks, Perman, and Rainwater 1988). However, their significance exceeds that of a broad indicator of quality or their associated dollar values (O'Rand 1986). Many of these rewards are administered according to a distinct logic or a set of rules that contributes to a general code of governance. These rules may be as tacit as prevailing norms about how long an individual must occupy a position before moving up the organizational hierarchy or whether they are too old or too young for such a move (Rosenbaum 1984; Roth 1963). Alternatively, they be highly codified, such as the rules that typify relations between unions and employers (Slichter 1941). To be sure, nonwage benefits include a remunerative component; but, very often they also involve implicitly contractual agreements between workers and employers concerning the future course of the employment relationship (Krecker 1991; Lazear 1979, 1983). Thus, they reinforce the social foundations of economic exchanges.

Employer-provided pensions illustrate these social and economic dimensions of extrinsic rewards. A pension is essentially a *promise* on the part of employers to provide income security in retirement in exchange for long-term service to the organization (Krecker 1991; O'Rand 1986). Employers offer workers a pension upon hiring them, or shortly thereafter; but, the acquisition of vested rights in, and the eventual receipt of, these benefits are contingent upon workers' continued participation in the relationship. In this respect, pension benefits include many elements of gift exchange. Employers offer to provide workers with a future source of income with the expectation that workers will reciprocate with a similar gift--long-term attachment and a stable flow of productive activity. The incremental acquisition of additional rights and privileges helps to ensure that the

promise will be fulfilled, but the agreement is only an implicit one. Its successful culmination in the form of pension income manifests a long-term exchange of "gifts" between employers and workers.<sup>12</sup>

Unlike the exchange of wages discussed by Akerlof, however, pension promises are administered according to explicit rules (O'Rand and MacLean 1986; Slavick 1966). These rules link benefit statuses like pension eligibility, vested rights, and final income receipt to objective and identifiable criteria, such as age and tenure. In other words, this is not an open-ended exchange of wages for service but one whose basic parameters are predefined. Employers state at the outset that they will, for example, grant vested status after a specified period of service, and there is little ambiguity about what is required of workers. As a result, pension rules restrain managerial discretion. They define a schedule for sharing access and control over the benefit and reduce the probability that employers will default on the initial promise. They also provide an accounting of workers' contributions to the exchange by tabulating their service with the organization. In so doing, these rule structures strengthen relations of trust: they help to ensure that the exchange is a fair one and that both parties will fulfill their obligations to the initial agreement.

Other reward systems and workplace practices are also structured in ways that bolster trust and provide a basis for expecting that the employment relationship will be governed fairly and equitably. For example, the role of seniority in determining the allocation of rewards and privileges is often pervasive. Time spent with the employer frequently defines an entire career trajectory. It can identify the sequence of wage increases and jobs that gradually move workers up the organizational hierarchy, eliminating arbitrary decision-making or favoritism (Jacoby 1985; Spilerman 1986). Likewise, grievance procedures ensure industrial jurisprudence and represent a commitment to due process (Selznick 1969; Edelman 1990). By establishing a specific set of procedures for addressing violations of the employment contract, such as involuntary terminations and other penalties for disputed actions in the workplace, they assure workers of receiving a full airing and deliberate consideration of felt

injustices. Historically available only to a small group of the organization's most valued employees, their widespread adoption reflects the efforts of workers to create structures that increase employment security as well as employers' attempts to enhance the perceived legitimacy of their governance systems (Edelman 1990; Jacoby 1986).

In short, many extrinsic characteristics of employment are part of implicitly contractual agreements between employers and workers. They include a remunerative dimension and reward workers for their labors, but they are also governed by rules, procedures, or norms that incorporate social principles of fairness and impartiality. As a result, they help maintain relations of trust that underlie economic exchanges. Actors' beliefs that the other party to the exchange will reciprocate--that workers will continue to perform their activities and that employers will fulfill their promises--are reaffirmed by structures that constrain managerial discretion and objectively measure workers' participation.

#### Organizational Rules and Relations of Trust in Historical Perspective

One need not examine the intricate and often arcane rules of contemporary reward systems or invoke an elaborate conceptual apparatus to discuss the social relations in which work is embedded. There is ample historical evidence of the role played by trust, and efforts to create structures that foster trust, in the workplace. Often viewed as part of employers' "monomaniacal search for control of the shopfloor" (Jacoby 1991, p. 4), the structured employment relationship also represents the efforts of workers to standardize exchanges with employers. Workers sought to eliminate arbitrary decision-making and replace it with procedures of governance that were objective, dependable, and just. Examined in the context of often-tyrannical foremen and the vagaries of an uncertain economy, these practices provided a basis for workers to expect more stable, and impartially administered, attachments to work (Keyssar 1986; Nelson 1975).<sup>13</sup>

The efforts of workers to move beyond a "master-servant" type of contract in which they had few unambiguous rights to one that afforded them a stronger footing in their relations with managers is increasingly well-documented (Jacoby 1985; Licht 1983; Schatz 1983).<sup>14</sup> In addition to circumscribing the power of the foreman, they sought to stabilize employment and simplify a maze-like wage structure by infusing the employment relationship with seniority-based rights and privileges. Workers could no longer be dismissed or otherwise penalized for being "too independent," having a "rough character" or simply for "no account" at all (Licht 1983, pp., 106-107). The inequities and divisiveness created by highly differentiated piece rate structures within the same shop were replaced by a "common wage band" that solidified relations among workers and enhanced their bargaining position with employers (Jacoby 1985, p. 152). The new workers also became a more varied lot, no longer just the friends or family members of the foreman. The common thread linking these and many other endeavors was an effort to create structures that provided a degree of certainty about the future--about being employed or unemployed, about today's wage versus tomorrow's--rather than complete subordination to the capricious whims of employers.<sup>15</sup>

Less frequently discussed are a number of practices that have become part of the contemporary compensation package, such as pension and disability benefits or unemployment insurance.<sup>16</sup> Many of these arrangements were initially devised during an era when periods of *unemployment* struck workers across the occupational spectrum and were frequently of longer duration than periods of *employment*, thus exacerbating workers' vulnerability to arbitrary dismissals (Keyssar 1986). In response, workers developed and administered a variety of programs to shore up their tenuous attachments to the employed labor force. They created "occupational compensation schemes" and "employment services" to provide financial aid or other forms of assistance to those who were dismissed or laid off (Stewart 1930; Keyssar 1986, pp. 186-188). Both formal pension and disability plans as well as informal networks of support emerged to assist disabled and elderly workers as they

established old age homes and medical facilities and solicited contributions by "passing the hat" (Latimer 1932b; Montgomery 1979, pp. 139-152; Graebner 1980). Similar arrangements helped to provide at least a partial safety net for widows and other family members of deceased workers.

To administer these programs, workers created an array of rules that bear a marked resemblance to those currently in use. Age, seniority, and occupation or organizational position often defined eligibility for a pension as well as the benefit amount (Graebner 1980; Latimer 1932a, 1932b). Similarly, unemployment assistance was available to workers in "good standing" and only if they were dismissed without cause (e.g., because of a plant closing or shift in the production cycle; Stewart 1930; Keyssar 1986). Workers who were fired from their jobs for cause, who had not contributed to benefit funds, or had not met minimum service requirements were usually not eligible to receive assistance from these programs.

The primary rationale for these types of rules was workers' need to establish fair, dependable, and objective criteria for collecting and distributing rewards among themselves. It was essential to minimize rifts and maintain the solidarity of the sponsoring (usually occupational) group. The absence of group cohesiveness would make it impossible to fulfill promises of old age assistance to younger workers or help those who might be unemployed the following week or month. Therefore, the administrative framework was intended to tie the status of the individual worker to the economic and social well-being of the group. For example, workers who sought to improve their immediate circumstances by changing to a different occupation or local labor market, perhaps one with greater demand for their services, might be disenfranchised by the original group (Latimer 1932b). Alternatively, long-term attachment to the group and contributions to maintain old age homes and provide poverty relief for the older or unemployed member were rewarded with promises of future assistance. Ultimately however, these financial safety nets were woven as much from strong social bonds among and between generations and across skill lines as from monetary contributions and

investments. Anchoring promises of assistance in rationalized systems of collection and disbursement helped to maintain these smooth relations.

A postscript: The redistribution of responsibility in contemporary pension promises. Although benefits, such as pensions and disability insurance, were initiated and maintained unilaterally by workers for much of their history, they have long since been provided by employers. In an effort to stabilize their own workforces or in response to episodic threats of unionization, employers co-opted early benefit practices or made their own plans more inclusive (Jacoby 1985).<sup>17</sup> As a result, employers shouldered the financial risk of benefit promises while also maintaining the administrative structures that buttress social relations of trust. For example, in a traditional pension plan, employers are committed to pay a retirement wage whose value is predetermined by a worker's service, age, and earnings, or some combination of these factors. Workers' main concerns are meeting the service requirements. They must trust employers to manage pension funds wisely, but their retirement income is not jeopardized by poor investment decisions. However, recent decades have witnessed a paradoxical redistribution of responsibilities and risks as the traditional pension promise has differentiated into a variety of "compromises" struck in the name of worker-employer solidarity (O'Rand and Agree 1993). As a result, pension rule structures are fragmented and weakened, leaving workers' exchanges with employers vulnerable to economic self-interest and opportunistic behavior.

In response to legislation such as the Employee Retirement Income Security Act (ERISA) of 1974 which imposed stricter funding requirements, industrial restructuring in the 1970s and 1980s, and the trend towards smaller and less permanent workforces (Andrews 1985; Noyelle 1987; Pfeffer and Baron 1988), there has been a tacit but pervasive renegotiation of the pension contract. The traditional pension promise has given way to a proliferation of joint risk-taking ventures in which workers' retirement income depends largely on contributions to a retirement account and the way in which these monies are invested (Woods 1989).<sup>18</sup> As a result, exchanges between employers and workers are

characterized by a mixture of cooperation and independence that is both costly and beneficial for each party. Workers are free from the more restrictive requirements associated with the traditional pension arrangement: they acquire vested rights sooner, have greater control over the amount of income deferred and how it will be saved, and have more access to the accumulated funds. They assume much of the employer's burden as well--the task of investing for the future and the responsibility of ensuring that the investments will maintain income security in retirement.

Employers shift a substantial part of the pension onus onto workers, but at the cost of allowing social factors to wield more influence on the terms of the employment contract (Kamerman and Kahn 1987). Pension promises, once allowed to deviate from their historical form, are often splintered by a wide array of options from which workers may pick and choose to suit their individual needs. The modern pension program is no longer simply a "gift" that is offered in exchange for long-term service, but a tacit recognition of the competing social and economic demands faced by the American worker. Nevertheless, this new form of social exchange is deceptive. Employing organizations often hide behind the veneer of the "familial" corporation, vying for the allegiances of workers by offering an assortment of benefits and services, while at the same time shedding substantial layers of accountability and the administrative apparatus that ensured accountability (Kamerman and Kahn 1987; O'Rand and Agree 1993).

In summary, the historical record includes several examples of how employment structures emerged not simply to enhance employers' control of workers, but also to foster and maintain relations of trust between workers and employers as well as among workers themselves. They often developed in response to workers' need to remain employed during a time when stable employment was the exception rather than the rule. They are closely linked to economic rewards and employment characteristics that were associated with higher levels of remuneration. But they also embody social principles of fairness and equity that provided a basis for workers to formulate, and act on,



expectations about the future. The differentiation of these structures in contemporary benefit plans points to new forms of social exchange between workers and employers. Workers trade the almost certain protection of the traditional pension promise for greater flexibility and social responsiveness on the part of employers, but at the cost of assuming the responsibility for their own retirement incomes. As a result, the rule structures that historically helped to support relations of trust between groups of workers or between workers and employers are weakened as pension arrangements are increasingly individualized.

### **III. TRUST AND THE STRUCTURE OF RELATIONAL EXCHANGE**

It is reasonable to ask why trust requires such an elaborate infrastructure to support its development and maintenance. Through the course of long-term or repeated exchanges, one would think that trust is pervasive and deeply embedded in the personal relationships that develop between actors (Granovetter 1985). Part of the answer lies in the incomplete and ambiguous legal status of many agreements: trust solidifies those aspects of an exchange that are not fully anticipated or that are not subject to other, more formal mechanisms of enforcement. Ultimately however, the significance of trust, and the rules that help to sustain it, derive from the structure of relational exchange itself and the passage of time required for its completion.

All but the simplest exchanges occur only over a period of time. Employers offer, and may provide some rewards as an incentive to workers and to establish their credibility. But, workers usually supply their services before receiving full payment, or even before obtaining assurance that they will ever receive all that has been promised to them. As a result, there is ample opportunity for one party to benefit before fulfilling implied responsibilities. Employers may fail to provide the promised rewards, or they may substitute some lesser form of payment after workers have contributed their services. Likewise, workers may leave an employment relationship and take with them the

rewards they have received to date, without permitting employers to recoup their investments in recruitment and training. Trust bridges this gap between offers made in the present and their eventual receipt at some point in the future (Blau 1964, pp. 91-97; Coleman 1990, pp. 91-116; Dasgupta 1988; Winston 1988).

The significance of this interval between the making and the maturation of a promise can be illustrated by comparing how an exchange is experienced by the participants and how it is viewed by an outside observer, such as a researcher.<sup>19</sup> Exchanges between workers and employers can be described as a set of shared experiences that is structured by the occurrence of past events, the present context, and plans for the future. In other words, the relationship is not "history-free"--past and present experiences shape workers' and employers' expectations about the future. As researchers, we can summarize these experiences with deceptive ease. The entire range of behaviors and the relationships among them are within the purview of our analytical "vision." We can isolate events and order their occurrences as *before*, *after*, or *simultaneous*. We are free to experiment with alternative arrangements and their potential consequences. As a result, we abstract events from their experience and render the enigma of linking one time point with another unproblematic (Winston 1982, 1988).

As participants, however, we encounter the sequence of events as they proceed *through* time. We experience an exchange in the context of the present and the remembered past but without the advantage of knowing the future. We order events as *past*, *Now*, and *future*. Instead of being free to wander back over our histories and into our futures, we are trapped in the inescapable context of the moment (Mead 1934). We "must make all decisions Now, and do so without the capacity to control the pace of events or to recreate the past, without knowing the events that lie in the future" (Winston 1988, p. 34).

Trust in the employment relationship connects present and past experiences with the anticipated future. Workers' and employers' beliefs that the other party will act responsibly--that

neither participant will subvert the agreement--provide a basis for maintaining the relationship. These beliefs are shaped by past experiences, such as a history of successful exchanges, and they can be reaffirmed by organizational rule structures. For example, rules that incorporate social principles of fairness and equity discourage substantial deviations from acceptable forms of behavior. They can also minimize the risk that the other party will *not* behave as expected, by outlining a sequence of events for the future or by attaching the receipt of various rewards to predefined benchmarks, such as a specific level of seniority, an established age, or achievement of a particular organizational rank (Roth 1963; Krecker 1991; Spilerman 1986). Ultimately, however, the successful culmination of an exchange--the transition from present to future--depends on the belief that workers and employers will fulfill their respective promises.<sup>20</sup>

#### IV. CONCLUSIONS

Current research on the meaning of work paints an incomplete picture. It focuses almost exclusively on individuals and the extent to which work activities satisfy their desires, preferences, and needs while largely ignoring the role of employers or the employment relationship. The content of these desires or preferences varies; indeed, it represents dramatically different views of human nature (Tausky 1992). One tradition, using the ideal of the independent and expert craft worker as a benchmark, defines meaningful work as a creative act that fulfills a human need for developing and demonstrating proficiency and mastery. Opportunities for individuals to utilize the full range of their skills and abilities and to do so without chafing against the artificial constraints of technology or managerial rules are essential to derive meaning from work. A second school of thought expresses greater interest in the social and economic rewards that can be acquired through work rather than the activity itself. Individuals may gain additional and valued resources by participating in work activities, but the primary aim is to translate these resources into greater rewards (higher pay, higher status) that

provide visible evidence of success in the labor market.

Neither of these approaches places employers or the employment relationship in a very positive light. Employers are sometimes viewed as perpetrating the destruction of intrinsically satisfying work. They introduce new technologies into the workplace that make some activities obsolete, place workers in thrall to machines, or simply eliminate opportunities to develop social bonds with co-workers. At best, employers can assuage workers' unmet desires by enriching the content of jobs, expanding the scope of their responsibilities, or providing an array of benefits and services. More often, the relationship between workers and employers is construed in economic terms: it is a source of social and economic rewards, but it plays only a peripheral role in the development of deep-seated ties between individuals and their work.

Recent research across several social science disciplines offers a very different view of the employment relationship. Emphasizing the social foundations of the relationship between workers and employers, these studies suggest that work is a social as well as an economic exchange. Workers and employers engage in implicitly contractual agreements that define the terms of exchanging wages for labor or service as well as the social rules that administer the distribution of these rewards and the allocation of work assignments. Usually only incompletely specified and tacitly negotiated, these exchanges often resemble the logic of gift-giving and abide by the social norms or customs of reciprocity that govern this type of behavior. In the absence of explicit and legally-binding agreements, however, these exchanges rest on workers' and employers' trust in the employment relationship--their beliefs that the other party will honor the terms of the agreement. Individuals perform work activities in exchange for economic rewards, but the receipt of these rewards reflects social relations of trust between workers and employers.

Unlike traditional approaches to the meaning of work, a relational perspective invokes few assumptions about human nature. Trust does not originate from individuals' desires or preferences but

from the actions of employers and the structure of the employment relationship. Organizational rules help to cultivate and sustain trust by ensuring that the exchange is a fair one and by outlining a future sequence of events, actions, and rewards. Socially and historically embedded in the efforts of workers to stabilize their attachments to the labor force, these rules often incorporate social principles of fairness and equity that restrain managerial discretion and minimize the possibility that either party will recant an initial pledge. Ultimately, however, trust derives from the structure of relational exchange itself. Because exchanges between workers and employers occur only over a period of time, trust often bridges the interval between the promise of a reward or the offer of a service made in the present and its receipt at some future date.

From this vantage point, individual approaches to the meaning of work acquire new significance. Typically isolated from the contractual relations in which work activities are situated, individuals' desires and preferences are shaped by organizational rules that foster and maintain relations of trust. A workplace characterized by a high degree of trust is one in which work, conceptualized either as a creative or as an instrumental act, is safeguarded from becoming "meaningless." Workers perform their daily activities secure in the belief that they will be appropriately compensated and that their jobs will be neither eliminated nor substantially altered by the introduction of new technologies or the reorganization of the workplace. Likewise, workers who change jobs with the aim of obtaining a better match to their skills, aptitudes, and aspirations can be assured that employers will fulfill their promises of various social and economic rewards. In the absence of such beliefs, and the structures that help sustain them, the "meaning" that individuals attribute to work may have no lasting significance. It will exist in the transitory context of the moment but with no certainty of its continued presence.

## NOTES

1. This prescription applied for only a small proportion of the Greek and Roman populations. Both Aristotle and Plato believed that work was a "necessary evil" to be practiced by the majority so that the elite might engage in more worthy pursuits. Cicero saw occupations other than agriculture and big business as "vulgar and dishonoring" (Tilgher 1930, pp. 5, 8). Tilgher (1930) and Applebaum (1992) provide thorough overviews of the concept and meaning of work in various historical contexts, and I draw much of this very brief discussion from these sources.

2. Other scholars identify similar approaches to the way in which individuals form attachments to work. Tausky (1992) discusses an "optimistic" and a "pessimistic" perspective. In the former, work is an inherently desirable activity that satisfies a human need and provides a means for self-actualization. In the latter, work is a loathsome activity. It attracts and retains the attention of individuals only through the application of social control mechanisms. Halaby (1986) also divides the literature into two categories. He differentiates a "job satisfaction/organizational commitment" approach in which attachment to work or to a job is driven by an "emotionally-charged, affective psychological bond" (p. 634) from a "capital value" perspective which is more closely aligned with neoclassical economics and emphasizes the value of the pay relation. My division of the literature into "creative" and "instrumental" categories parallels the "optimistic" and "pessimistic" lines drawn by Tausky (1992). I offer an analysis of the two approaches that is essentially compatible with his, but one that also highlights the treatment of the employment relationship. In the second half of the paper, I discuss how the social foundations of worker-employer exchanges point to an alternative, less individualistic, interpretation of meaningful work.

3. While Veblen's choice of words almost certainly offends sociological sensibilities, his views on instincts, habits, and propensities should be placed in the context of the hedonistic psychology that informed (and still informs) the standard economic model. He sharply disputed the prevailing tendency to view the individual as a "lightning calculator of pleasures and pains, who oscillates like a homogeneous globule of desire of happiness under the impulse of stimuli that shift him about the area, but leave him intact" (Veblen 1898, p. 389). Veblen conceptualized individuals as active, intelligent agents with the capacity to create ideas, establish priorities, accomplish aims, and generally influence their surroundings (for a discussion, see Lerner 1948). Unfortunately, his and others' efforts to inject humanism into economics were "over-ambitious, premature, sometimes confused, and generally lacking in persistence and clarity of focus" (Coats 1976, p. 58). As a result, these challenges were easily subsumed within the orthodox framework. Coser (1971, p. 274) also dismisses Veblen's theory of instincts as a *deus ex machina* with little lasting impact.

4. The indictment against the workplace was so widespread and conclusively stated that Dubin and his colleagues began one paper in a distinctly apologetic tone. Admitting that it may seem "bizarre or archaic," they expressed the hope that they would not be considered "gauche" for suggesting that characteristics of the modern workplace may elicit positive feelings or satisfaction among workers (Dubin, Hedley, and Taveggia 1976, p. 281).

5. By using, if only implicitly, the 19th century craft worker as a benchmark against which the contemporary employee's situation and subjective orientations should be measured, this line of research underestimates the meaning and complexity of 19th and early 20th century semi-skilled or unskilled work. To be sure, working conditions were often abhorrent, but the tasks were not always the simple, machine-tending variety. For example, power-loom weavers--workers readily classified as among the "archetypal operative" of industrial capitalism (Montgomery 1987, p. 116)--were quick to point out that their jobs remained highly complex and challenging despite mechanization. Veblen's sense of workmanship reverberates through the comments of women who expressed their desire to achieve perfection and mastery of a task considered so intricate and varied that "you never in your lifetime learn it all" (Hareven 1982, p. 80; also see Montgomery 1987 on the work of laborers and operatives, pp. 58-170).

6. Although the primary focus of Lincoln and Kalleberg's welfare corporatist model is to understand how organizational structures encourage individuals to adopt the values and goals of the organization as their own, they also note that workers' beliefs in the legitimacy of these structures is a "critical intervening mechanism in the arousal of commitment" (1990, p. 11). Such beliefs are key elements of a relational perspective on the meaning of work.

7. The implicit assumption that mobility is a positive experience--a sign of one's success in moving beyond the lower rungs of the social ladder--is not unique to sociological theories of career attainment. Economists have had an on-again, off-again relationship with job mobility variously emphasizing its negative ("labor turnover") or positive ("labor mobility") qualities (Granovetter 1986). The notion that mobility is an appropriate yardstick for measuring individual success also informed a long tradition of research in social history (Henretta 1977; for an example, see Thernstrom 1964).

8. It should be noted that subsequent elaborations of Tuma's model attend to structural constraints such as class or industrial sector, differentiate between "general" and "specific" resources as well as intra- and inter-organizational mobility, or emphasize processes of organizational selection (see Rosenfeld 1992 for a review). Nevertheless, they retain the basic assumptions of a reward-resource framework.

9. I include efficiency wage and implicit contract theories in this category along with more explicitly institutional approaches because of the role they give to employers, and not simply an anonymous price mechanism, in the conditions of employment. Nevertheless, this is an extremely varied lot. Some scholars argue that economics lacks an adequate sociological and psychological base while others hew more closely to the neoclassical line (for reviews, see Akerlof and Yellen 1986; Katz 1986; for a comparison of the "new" and "old," including Veblenian, institutional economics, see Jacoby 1990, Langlois 1986).

10. The distinction between employment contracts and the employment relationship is not merely a semantic one. The economic terms and social rules that make up contracts define the terms of exchange for the employment relationship. In theory, it is possible for workers to reject the contract in part, be unaware of it, or try to subvert it but still maintain the employment relationship. In practice, we often must assume that the two correspond--i.e., the concept of contracts provides a way to study and to operationalize the relationship. In short, the relationship is a manifestation of the underlying contract.

11. Definitions of trust abound. Luhmann (1979) sees trust as a belief in or expectation of the persistence of the prevailing natural and social order. He argues that these beliefs are essential to reduce the complexity of our daily lives since we cannot possibly evaluate, much less know, all possible events or alternatives and their probabilities of occurrence or success. Barber (1983) also defines trust as an expectation of persistence, as a belief that events and relationships will proceed as they have in the past. He identifies two subcategories: trust as "technical competence" in which we expect other actors to perform their roles competently; and trust as "fiduciary responsibility" in which we expect others to set aside their immediate self-interests in favor of the concerns of other actors. Blau (1964, p. 99) refrains from offering an explicit definition of trust but discusses how it is "essential for stable social relations." Titmuss (1970) emphasizes the role of "otherhood"--a belief that one's gifts to society, however anonymous, will be returned in some fashion in the future. Coleman (1990, p. 91) cites trust as a specific manifestation of a more general category of behavior in which actors "incorporate risk into the decision of whether or not to engage in the action." Dasgupta discusses the "sense of correct expectations about the *actions* of other people that have a bearing on one's own choice of action" when one must choose or act before it is possible to observe the actions of others (1988, p. 51, original emphasis). My approach parallels that of Coleman and Dasgupta and aims to show how work is embedded in a relationship where workers and employers frequently must act based on their beliefs about, and without full knowledge of, the future actions of the other party. Governance procedures that incorporate social principles of fairness constrain the actions of employers and workers and help to sustain trust by reducing uncertainty and charting a future sequence of events. (Dasgupta [1988, p. 52] notes that this uncertainty need not be limited to future activities; it can also derive from differences in access to information.)

12. The interpretation of pensions as "gifts" to which employees have few rights until they fulfill their part of the exchange has a legal history. Latimer (1932a) discusses the case of *McNevin v. Solvay Process Company* in which an employee sued his former employer for money that had been contributed to a pension plan on his behalf. The court found for the defendant and claimed that the pension was an "inchoate gift" to which the employee had no vested right after he left the company (quoted in Latimer 1932a, p. 683). This ruling was not unique; during this time, courts generally held that "full performance must precede a right of recovery" (Wood 1877, p. 169). In other words, pensions and other employer-provided rewards would be defined as gifts until employees completed their terms of service; the notion of partial payment for partial service was not widely recognized. Subsequent legal developments and, in particular, the Employee Retirement Income Security Act (ERISA) of 1974 suggest that workers gradually accumulate rights to their pensions over the course of the employment relationship (for a discussion of ERISA, see Andrews 1985).

13. It would be a mistake to replace one monocausal perspective in which employers are the agents of rationalization with another in which workers play that role. The historical record reveals far too much variation and complexity to lend itself to such simple stories. Licht (1991) documents how formalized employment practices stem from the efforts of workers, the paternalism of family-owned firms, and the "vision" of charismatic managers while also noting that each of these categories include systematic as well as unsystematic strategies. My aim here is simply to highlight workers' influence on the development of rational procedures of governance, a role which complements their putative desire for intrinsically meaningful or financially-rewarding work. For example, the workers in Hareven's study of the textile industry who took great pride in the quality of their workmanship also emphasized the "fairness of the process" (Hareven 1982, p. 71; see note 5 above).

14. The quality of the employment contract discussed in this paper is, by historical standards, of fairly recent vintage. At least through the late 19th century, the employment contract more closely resembled that which had traditionally governed the relationship between masters and servants. Before the 19th century, servants as well as workers and artisans had only those rights which their employers granted them. Workers were not even free to quit their jobs before they finished the assigned tasks or completed the term of service, risking imprisonment if they did so (Jacoby 1982; Steinfeld 1991). Selznick (1969) refers to the 19th century employment agreement in the United States as a "prerogative contract" because it so heavily favored employers. It was largely a "legal device for guaranteeing to management the unilateral power to make rules and exercise discretion" (Selznick 1969, p. 135). For discussions of how the master-servant relationship provided a model for early worker-employer contracts and gradually evolved to give workers more rights, see Jacoby (1982), Selznick (1969, pp. 121-182), and Steinfeld (1991).

15. It is possible to overstate the abusive and unjust treatment that workers received at the hands of employers and foremen, but not by much. Montgomery (1987) discusses the exception of some hiring bosses in longshore work. Since this was a highly seasonal industry, experienced foremen seemed to realize that playing favorites in their hiring practices was unwise. An inequitable distribution of work assignments among the available supply of men increased the likelihood that those not chosen would fail to show up when, at some point in the future, they might be needed (Montgomery 1987, p. 99).

16. In addition to the specific sources cited in the main text, this brief overview of early benefit programs draws on the following: Latimer (1932a), U.S. Bureau of Labor Statistics (1928), U.S. Department of Commerce (1909) as well as the discussions woven throughout Jacoby (1985), Licht (1983), and Keyssar (1986). I emphasize that many of these early benefit plans were limited to a fairly elite group of workers--those in powerful craft unions or privileged white collar workers. The vast majority of workers were not covered by similar practices until the emergence of industrial unionism. With this cautionary note in mind, the discussion illustrates the social roots of the contemporary compensation package.

17. Historically, nonwage benefits were devised and maintained by workers. Employers, particularly those in seasonal industries, might participate in unemployment insurance plans when they believed that these measures would ensure a steady supply of labor (Stewart 1930, pp. 91-93). They seldom provided pension



benefits and then only to an elite core of their most trusted employees who had provided many decades of service (Graebner 1980). Likewise, the provision of disability or death benefits was left almost entirely to the workers themselves. This situation was exacerbated by the practices of insurance companies which routinely denied insurance to those workers who needed it most--e.g., those employed in industries with high accident and fatality rates, such as railroading (Licht 1983, p. 211).

18. The distinction I am making here between "traditional" pension promises and the more recent variety is that between the two basic types of pensions. The traditional, and still most widely used, plan is the *defined benefit plan* in which employers agree to pay workers a retirement income, the value of which is determined by a formula combining age, service, and earnings. *Defined contribution plans* represent a second basic type. Employers set aside and invest funds over the course of the employment relationship, and workers' retirement income rests solely on the value of these investments. This latter group includes a variety of salary reduction arrangements, such as 401k and 403B plans, and other savings mechanisms (see Andrews 1985).

19. My discussion of how exchanges are viewed differently by participants and observers draws heavily from Winston's distinction between "analytical" and "perspective" time. For thorough discussions of this distinction and its importance for the analysis of economic events, see Winston (1982, 1988).

20. The problem of bridging past and present experiences with the future has not gone unnoticed. Scholars in the new institutionalist tradition of economics often bemoan the "spectre of opportunistic behavior [that] hangs over the relationship" (Goldberg 1980, p. 89) and allude to the possibility that distinctly social foundations buttress long-term relational exchange. More often, a calculative logic prevails and mechanisms that "make exit expensive" are the primary link between current work effort and future rewards (e.g., Ippolito 1987; Lazear 1983; Williamson 1975). However, this approach does not carefully consider the temporality of relational exchange. The problem does not lie in identifying the tastes and preferences of workers and then creating a mixture of rewards and penalties that alternately encourages and discourages various forms of behavior. The problem is an existential one: as participants in an exchange, "the future is not simply unknown but *unknowable*" (Winston 1988, p. 34, original emphasis).

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