THE EFFECT OF HOME-BASED WORK ON THE EARNINGS OF MEN AND WOMEN

by

CHRISTINE SCHROEDER

(Under the Direction of Ronald S. Warren)

ABSTRACT

The purpose of this thesis is to examine the effect of working at home on the hourly wage for men and women in the United States. Data are taken from the May 1997 Current Population Survey. A human-capital model of hourly earnings is specified which allows for the endogenous determination of the choice of home-based or office-located work. The model is estimated by a two-step, instrumental-variables procedure. First, a reduced-form equation determining the probability of working at home is estimated by the maximum-likelihood Probit method. The predicted values from this equation are then substituted for the observed, dichotomous homeworker-status variable in the (log) hourly wage equation. The empirical results reveal a statistically significant wage premium for persons who work at home, relative to their observationally equivalent office-located counterparts. Several explanations for this finding are discussed, and suggestions for future research are offered.

INDEX WORDS: Home-Based Work, Hourly Earnings, Simultaneous-Equations Bias

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INTRODUCTION

After a steady decline between 1960 and 1980, an increase in the number of at-home workers in the last two decades has revived the discussion of this issue (U.S. Bureau of the Census, 1998). According to the U.S. Bureau of Labor Statistics, a total of 23.3 million persons were engaged in work at home in May 1997, including 21.5 million who worked at home on their primary job and 3 million who worked at home on their secondary job. (About 1.2 million persons held two jobs and worked at home on both.) More than half of the persons who worked at home in May 1997 were unpaid wage and salary workers, 17 percent were paid wage and salary workers, and the remainder were self-employed workers, about two-thirds of whom had home-based businesses. Overall, the number of homeworkers increased by only about 1.5 million between 1991 and 1997. However, the growth in the number of paid at-home wage and salary workers was substantial. In 1991, only 1.9 million wage and salary workers – 1.9 percent of the total – were paid for the work they did at home. In 1997, 3.6 million wage and salary workers – about 3.3 percent of all such workers – were doing some work at home for pay.

The number of homeworkers counted by official and private surveys varies widely. For example, the Survey of Income and Program Participation (SIPP), conducted by the U.S. Census Bureau from April 1997 to July 1997, estimated that 9.26 million persons worked at home during this period. According to the American Housing Survey (AHS), however, only 3.611 million persons held home-based jobs between May and November 1997. These differences are due both to variation in the definition of a homeworker and to different estimation techniques. For example, the Current Population Survey (CPS) has changed the survey questions about and definition of working at home over time. Therefore, the results from different surveys and for different years are not easily comparable and must be interpreted with caution.

The effect of home-based work on earnings has been the subject of several previous studies. Even though sources of data and estimation procedures differ, the general conclusion of the existing literature is that performing home-based work has a negative effect on one's hourly wage. One question is whether this conclusion is still valid, at least for specific occupations, since the technological conditions for homeworking in 1997 compared to those before 1980 are different in many respects. In particular, the widespread dissemination of fax machines, the increasing use of personal home computers, and the expansion of the Internet have all enhanced the ability to work at home while staying connected to one's employer and colleagues.

The purpose of this thesis is to re-examine the effect of working at home on the hourly wage for men and women in the United States, using recent data from a nationally representative survey. The second chapter summarizes selectively the literature addressing the issue of home-based work and its potential effect on earnings. In the third chapter, I discuss the econometric model that I use to examine the influence of working at home on the hourly wage. In the fourth chapter, I describe the data used in this study and present the empirical results from estimating the model. In the last chapter, I summarize my results and discuss some of the data limitations that I encountered. The thesis concludes with suggestions for future research on this topic.

In contrast to the conclusions of the previous literature, I found that working at home positively affects the hourly wage. Furthermore, the proportion of men and women working at home is almost equal. The preferred occupation category for homeworkers of both genders is Managerial & Professional Specialty, etc. Finally, home-based employers are, on average, older and more likely to be married than their on-site counterparts.

LITERATURE REVIEW

Over the last fifteen years, several studies have examined the effect of home-based work on various social and economic outcomes. One very important issue surrounding working at home is its influence on the hourly wage. Kathleen E. Christensen (1988) restricted her survey of home-based work solely to women living in the United States. In addition to her own survey, she used data from the U.S. Bureau of Labor Statistics (BLS) between 1984 and 1986. Christensen (1988) emphasized the wage inequalities for home-based workers who are hired as independent contractors. Employers expect the performance of home-based workers to be equivalent to that of on-site workers. However, Christensen (1988) found that women who work at home earn less than women who perform the same job in an office or factory. Specifically, employers saved, on average, 30 to 50 percent in salaries on each homeworker. Moreover, employers did not offer home-based workers the same opportunities to improve their skills or receive promotions.

A negative effect of working at home on the hourly wage was also found by Robert E. Kraut (1988). The data for his study came from the Census of Population and Housing 1980: Public-Use Microdata Sample A, conducted by the U.S. Bureau of the Census. Overall, the earnings of full-time homeworkers were 30 percent less than that of conventional workers in 1980. Even when Kraut (1998) controlled for 17 different occupations, covering a wide range of white-collar work (for example, Bookkeepers, Sales Supervisors and Proprietors, Computer Programmers, Technicians, and Lawyers), the negative effect of homework on earnings remained. In more than 50 percent of these occupations, homeworkers earned significantly less than on-site workers. In the remaining occupations, homeworkers did not earn significantly more or less than their office-based counterparts. However, Robert E. Kraut and Judith M. Gerson (1988) argued that homeworkers were relatively earnings disadvantaged, but perhaps not to the extent claimed by some. Kraut and Gerson (1988) limited their study to home- and office-based clerical workers. The data were collected in 1985, and resulted in a sample of 297 women out of a total of 316 respondents, 35 percent of whom were homeworkers. They found that homeworkers were more likely to be paid by a piece-rate system (by the completed project or by the typed page) instead of receiving fixed salaries. Kraut and Gerson (1988) estimated that homeworkers earned about \$1800 less per year than on-site workers. This earnings gap was statistically significant at the 10 percent level. They also reported that household income was significantly higher among homeworkers than for their workplace counterparts, reflecting the fact that most of their families had two earners. Kraut and Gerson (1988) also showed that an important part of the compensation difference between home- and office-based workers was due to differences in fringe benefits. In their study, office workers had superior benefit packages compared to homeworkers (except for pension contributions from which neither type of worker received high benefits).

Sheila Allen and Carol Wolkowitz (1987) presented results consistent with relatively low pay for homeworkers. Between 1979 and 1980, 4190 households in West Yorkshire, England were surveyed. During this door-to-door survey, in 48 percent of the households someone was at home. 115 homeworkers, as well as 177 homework contacts (persons who were not actually surveyed, but rather were occupants who provided contacts to the respondents) were identified and 71 of them were interviewed. Besides obtaining information on the homeworkers, Allen and Wolkowitz (1987) also collected data on their employers. Over all, more than eighty-eight firms in various industries (for example, food/drink/tobacco, chemical & allied industries, textiles, clothing & footwear, paper/printing & publishing, other manufacturing industries, distributive trades, insurance/banking & finance, and professional & scientific services) were identified. Most of the homeworkers' earnings were below various indices of low pay for 1979-1980. According to Allen and Wolkowitz (1987, p. 101), the weak bargaining position of homeworkers in the labor market could be due to "competition for the work available, to homeworker's isolation from other workers, to their ignorance of prevailing wage rates and the market value of the products they make or services they provide." Another argument Allen and Wolkowitz (1987) made is that the human-capital characteristics of homeworkers are not responsible for their low pay, but rather it is the "casualised nature of homeworking" itself. In other words, they claim that the problem faced by homeworkers is that they have no effective means to oppose the unregulated manner in which the employer is able to exploit the highly individual relationship between the homeworker and the firm.

In a more recent study, Alan Felstead and Nick Jewson (2000) argued that homeworkers are among the worst off in terms of absolute measures of poverty. Moreover, their working conditions are usually poorer than those of their office counterparts, which adds to their relative disadvantage. The results of a survey by Felstead and Jewson (1996) confirmed these claims. The interviews took place from August 1994 to January 1995 in Great Britain, and resulted in 287 observations with information concerning the hourly rate of pay out of a total of 338 completed interviews. However, Felstead and Jewson defined homeworkers as low-discretion, home-located wage laborers (for example, routine white-collar and manual workers), and distinguished them from high-discretion, home-located wage laborers (for example, routine white-collar and manual workers). The compensation disadvantages of homeworkers also applied to professionals and managerial workers. Nevertheless, the latter were better off than the white-collar and manual workers because their earnings were higher and their working conditions were more advantageous in general.

According to Linda N. Edwards and Elizabeth Field-Henry (2002), female home-based workers face lower wage offers than women who work on site. Edwards and Field-Henry (2002) presented two arguments to support this hypothesis. First, the fixed costs associated with working (for example, commuting time costs, out-of-pocket commuting expenditures, and clothing costs)

are substantially lower for homeworkers than for on-site workers. Second, homeworkers may be able to reconcile more easily paid work activities and housework. John F. Cogan (1981) demonstrated that increasing the time and fixed costs of working raises the reservation wage. Edwards and Field-Henry (2002) applied the model developed by Cogan (1981) to their study, and concluded that homeworkers have a lower reservation wage. Moreover, Edwards and Field-Henry (2002) presented arguments implying that the demand for homeworkers may be lower than for on-site workers as well. First, home-based jobs may be simply unavailable in certain types of occupations and industries. Second, a homeworkers' marginal product may be lower than that of an office worker because of the absence of productive synergies among homeworkers that may characterize team production among workers in a factory or office setting. Third, a workers' marginal product may be lower at home because of the lack of monitoring and supervision. These factors would reduce the wage offers encountered by home-based workers in comparison to their otherwise equivalent, office-located counterparts.

THE ECONOMETRIC MODEL

To analyze the determinants of individual earnings, researchers typically specify a human-capital wage equation, as follows:

$$y_i = X_i'\beta + \varepsilon_i \tag{3.1}$$

where *i* indexes individuals (i = 1,...,N), y_i is the natural logarithm of annual, weekly, or hourly earnings, X_i is a vector of exogenous explanatory variables, β is a vector of population parameters to be estimated, and ε_i is a random error term. Human-capital variables that have been shown to influence earnings, such as various demographic, socioeconomic, and education variables, are included in the model. Under the assumption that working-at-home status is an exogenous variable, a human-capital wage equation incorporating that variable can be estimated by Ordinary Least Squares (OLS). The classical assumption that the explanatory variables and the error term are uncorrelated leads to consistent and efficient estimation by OLS.

However, it does not seem appropriate to treat working-at-home status as an exogenous variable. The decision to work at home is affected by many individual characteristics (for example, age, number of children, marital status, etc.), including unobserved traits that also affect the wage. Therefore, instead of being exogenous, homeworker-status should be viewed as an endogenous variable. The model I specify is a simultaneous-equations system consisting of a probit equation and a normal regression equation. The probit equation is specified with the dichotomous variable indicating homeworker-status as the dependent variable. The regression equation determines the natural logarithm of the hourly wage, and includes homeworker-

status as an explanatory variable. Both equations contain many of the same exogenous variables. However, the probit equation determining homeworker-status includes, additionally, unearned income (household nonlabor income plus income not earned by the survey respondent) and the number of family members. The wage equation contains the homeworker-status variable, and is identified by the exclusion of the variables measuring unearned income and the number of family members that appear in the equation determining homeworker status. The resulting simultaneousequations system has the form

$$y_{Ii}^{*} = X_{Ii}\beta_{I} + \varepsilon_{Ii}$$

$$y_{Ii} = 1 if y_{I}^{*} > 0$$

$$y_{Ii} = 0 if y_{I}^{*} \le 0$$
(3.2)

$$y_{2i} = X_{2i}\beta_2 + \delta y_{1i} + \varepsilon_{2i} \tag{3.3}$$

where *i* indexes individuals (i = 1,..., N), y_1 is the observed dichotomous variable indicating whether the individual works at home, y_1^* is the unobserved value of the variable "preference for working at home", y_2 is the natural logarithm of the hourly wage, X_1 and X_2 are vectors of explanatory variables, β_1 and β_2 are vectors of population parameters to be estimated, and δ is the coefficient on working at home. ε_1 and ε_2 are random errors which capture unobserved, individual-specific attributes, and are assumed to have constant variances σ_1^2 and σ_2^2 , respectively. Because y_1 in (3.3) is endogenous, the conditional mean of $\varepsilon_2 - E(\varepsilon_2|X_2) - i$ s not zero, so consistent estimation of the wage equation can be achieved by the use of an instrumentalvariables procedure.

For analyzing the determinants of the choice between the two discrete alternatives, working at home or not, the Probit method is used to estimate a reduced-form equation containing all of the exogenous variables in equations (3.2) and (3.3). The predicted value of the dependent

variable from estimating the reduced form is then included as an explanatory variable in equation (3.3). The hourly-wage equation (3.3) is then estimated by least squares, incorporating White's procedure that corrects the standard errors for heteroscedasticity. These standard errors are not exactly correct, however, because the two-stage estimation procedure ignores the fact that the predicted value of the variable indicating working-at-home status in equation (3.3) is a so called "generated regressor". However, G. S. Maddala (1983, p. 238) points out that, in cases like this, the uncorrected standard errors are close to the correct ones.

Note that the sample-selection model, as described, for example, by William H. Greene (2000, pp. 928-930), is not applicable in this case. The textbook example of a sample-selection model consists of two equations, an outcome equation (for example, the wage) which is of primary interest and a sample-selection equation, typically determining employment status. In that model, the wage will be zero if the employment status is equal to zero; that is, if the individual is not employed. However, in my model the wage will not take on the value zero if the value for working at home is equal to zero, because an individual will also receive earnings if he or she works on site. As a consequence, the appropriate framework for incorporating the violation of the classical condition-mean assumption, $E(\varepsilon_2|X_2) = 0$, is the simultaneous-equations model.

DATA AND EMPIRICAL RESULTS

4.1 Source of the data

The data were taken from the May 1997 Current Population Survey (CPS). The CPS is conducted by the Bureau of the Census for the Bureau of Labor Statistics. The CPS sample was based on the 1990 Decennial Census files, with coverage in all 50 states and the District of Columbia. About 50,000 occupied households were eligible for inclusion in this survey. The survey contains two sets of questions, the basic CPS and various special supplements. Whereas the basic CPS is conducted every month and collects labor force data on non-institutional persons 16 years old and over, the supplements are carried out only in specific years during certain months. The May 1997 supplement provides specific information about persons employed in nonagricultural industries who worked during the survey reference week and who indicated that they do some work at home. The nonresponse rate for the May 1997 basic CPS was 6.6 percent and there was an additional 11.9 percent nonresponse rate for the supplement (U.S. Bureau of the Census, 1999). Previous May supplements that provided data on working at home were conducted in 1991, 1985, and 1981.

For my analysis, I restricted the data to persons who were between the ages of 16 and 65 at the time of the survey in May 1997, since I wanted to include only potential employees and to exclude retired persons. The sample was further limited to persons who were not self-employed. The exclusion of self-employed persons is a very important feature of my study that contrasts it with most of the previous literature. The reason for doing this is the assumption that selfemployed workers cannot be subjected to oppurtunistic behavior by firms in the way employees may be. In contrast to employees, self-employed persons determine how many hours they want to spend on the job and under what conditions they work (for example, if they have their own office, work inside or outside the home, which tools or equipment they use, etc.). Additionally, I restricted the sample to those who were paid for their work, thereby excluding homeworkers who received no such payments. For example, family members who helped the actual employees finish their work were excluded from the data. Finally, only civilian workers are included in the data. The resulting sample contains observations on 7,397 persons, with an almost equal proportion of men (50.76 percent) and women (49.24 percent).

The model determining the hourly wage consists of the following explanatory variables: age, age squared, race, education, marital status, region, metropolitan status, main occupational category, union-membership status, union contract coverage, sector of employment, and homework status. I subdivided some of these variables into several categorical (dummy) variables, which take on the value one if the characteristic is true and zero otherwise. The race categories are white, black, and other. I divided educational attainment into high school dropout, high-school graduate, some college, college degree, and post college. A person's marital status is categorized as either married with a spouse present, divorced/separated/married with a spouse absent, widowed, or never married. The region variable is divided into Northeast, Midwest, South, and West. Metropolitan status has three categories: central city, suburban, and rural. The variable main occupation includes Managerial & Professional Specialty, Technical, Sales & Administration Support, Service occupations, and Precision Production, Craft & Repair, and Operators. With sector of employment, I distinguish between private-sector and governmentsector workers. Furthermore, an individual can be a union member or not, and can be covered or not by a union contract without being a union member. The omitted categories in the model are: white, high-school degree, never married, service occupation, residing in the Midwest, living in a suburbs, and government-sector employment.

4.2 Determinants of working at home

From the sample of 7,397 persons, 987 (or about 13 percent) work at home. A person is considered to work at home if he or she spends at least one hour per week on a primary job at home. Table 1 presents the percentage of men and women working at home. The proportion of men who work at home is 13 percent, just 1 percent less than the fraction of women. Obviously, one should not focus exclusively on women when analyzing this issue. The vast majority of men and women working at home in 1997 belonged to Mangerial & Professional Specialty, Technical, and Sales & Administration Support group. Those jobs, like computer system analyst, operations and system researcher, author, technical writer, designer, editor and reporter, computer programmer, insurance agent, real estate agent, etc., are usually relatively well-paid. Low-paid service occupations like launderers, ironers, barbers, hairdressers, and cosmetologists, comprise only 2.5 percent of male and 4 percent of female homeworkers. The fraction of men and women working in Precision Production, Craft & Repair, and Operators, etc. is also very low (6 percent and 0.8 percent, respectively).

Tables 2 through 5 provide descriptive statistics separately for individuals who work at home and on site, by gender. Together, Tables 2 and 3 reveal that men who work at home are, on average older, much better educated, and more likely to be married (with spouse present) than men who work on site. Male homeworkers are also less likely to be nonwhite, a union member and to reside in a rural area than men who do not work at home-based jobs. Most importantly, men who work at home work more hours per week, earn substantially more per hour, and thus receive higher weekly earnings than their male counterparts who work on site. These descriptive contrasts for men are largely confirmed by the signs of the estimated coefficients in the Probit equation determining homeworker status that are reported in column 2 of Table 6.

Tables 4 and 5 provide the same descriptive statistics for women who work at home and those who work on site, respectively. As was the case for men, women homeworkers are more likely to be older, better educated, married (with spouse present), and white than women who do not work at home. However, in contrast to men, women who perform paid work at home are more likely to be members of a union (or, if not a union member, more likely to be covered by a union contract) than women who do not work at home. Like men, however, women homeworkers are less likely to live in a rural area than their counteparts who work on site. Finally, as was true for men, the weekly hours worked, hourly wage, and weekly earnings are substantially higher for women who work at home than for women who do not perform home-based work. Once again, these descriptive comparisons are consistent with the signs of the Probit estimates of the homeworker-status equation for women reported in column 3 of Tables 6.

4.3 Determinants of the hourly wage: OLS estimates

Table 7 reports the results of estimating a (log) hourly wage earnings equation separately for men and women, treating homeworker status as an exogenous variable. Of most interest for present purpose is the estimated coefficient on the dummy variable indicating homeworker status. The results imply that men who perform paid work at home earn about 11 percent more than observationally equivalent men who work on site, while the earnings premium for female athome workers is approximately 13 percent. This result is somewhat surprising in light of the previous literature, which has emphasized the relative earnings disadvantages of working at home. Nevertheless, these results should be treated cautiously since, in this model, the decision to work at home is treated as exogenous.

The estimates of the coefficients on the demographic, human-capital, geographic, occupational, and union-status variables are unremarkable in the sense that they are uniformly consistent with the results routinely reported for such regressions in past research. Age (here, a proxy for work experience and job tenure which are both unobserved in the CPS) increases earnings but at a decreasing rate. Black males earn 13 percent less then white males, other things equal, while there is no statistically significant difference between the earnings of black and white females, ceteris paibus. Relative to high school graduates, high school dropouts earn less, and the

earnings return to additional schooling rises at each educational category for both men and women. Married men (with spouse present) and, somewhat surprisingly, married women earn more than their single counterparts, although the earnings premium for men is much larger and more precisely estimated than for women. The small, but statistically significant, positive effect of marriage on earnings for women might arise from assortive mating in which men are more likely to marry women with attributes that are unobservable to the researcher but that are also rewarded in the labor market. Interestingly, divorced, separated, or married-with-spouse-absent men also earn more than never-married men, but this effect is not operative for women. Relative to the Midwest, earnings are marginally lower in the West and South regions, but are not significantly different from the Northeast. Compared to males residing in the suburbs, residents of both central cities and rural areas earn less, other things equal. For women living in a central city, however, there is no earnings disadvantage. Both men and women who are members of a union earn a substantial wage premium, while nonunion workers of both genders who are covered by a union contract enjoy smaller, but statistically significant, positive earnings differentials relative to their uncovered counterparts. Finally, there is no statistically significant difference in the earnings of private-sector and government-sector workers, ceteris paribus.

4.3 Determinants of the hourly wage: 2SLS estimates

To allow for the endogeneity of homeworker status, the observed value of this variable was replaced by an instrument obtained as the predicted value of the dependent variable in the reduced-form Probit equation reported in Table 6. The resulting two-step estimates are presented in Table 8. In almost every respect, the size and significance levels of the estimated coefficients on the control variables are very close in the 2SLS results to those obtained with OLS. The one noteworthy exception is the set of estimates on the coefficients of the educational-attainment variables which are, relative to high school completion, uniformly lower for the 2SLS estimates than for the corresponding OLS results. Interestingly, however, the 2SLS estimate of the

coefficient on the instrument for homeworker status is substantially <u>larger</u> than the corresponding OLS estimate. That is, allowing for the endogeneity of the decision to work at home <u>increases</u> the estimate of the earnings difference enjoyed by both men and women who work at home. Thus, there is a <u>downward</u> simultaneous-equation bias on the coefficient of the homeworker-status variable estimated by OLS. In other words, ignoring the endogeneity of the decision to work at home.

It is possible that these conclusions are specialized to a subset of workers who are employed part-time (PT) or full-time (FT). To examine this possibility, I divided the sample into individuals who usually worked fewer than 35 hours per week and those who worked 35 or more hours per week and estimated the simultaneous-equations model separately for each of the two subsamples. The results are reported for men and women in Tables 9 and 10, respectively. (The instrument for the homeworker-status variable in Table 9 was obtained by OLS rather than ML Probit because the latter would not converge.) The estimates of the coefficients on the homeworker-status variable are positive but uniformly lower for the FT workers than for the PT workers of each gender. However, they remain statistically significant (at the .10 level or better for a two-tailed test) for women, regardless of usual weekly hours of work, and for FT men. The size of the subsample of men who typically worked fewer than 35 hours per week was very small (257 observations), perhaps providing an explanation for the imprecision of the estimate of the coefficient on the homeworker-status variable for PT men.

The most apparent explanation for these results, and the dramatic contrast to earlier estimates of the earnings effect of working at home, is the changing nature of such work that has been spawned by technological developments. One reason for the positive effect of working at home on earnings might be that changes in technology may have increased the productivity of home-based jobs more than they have raised the productivity of on-site workers. These advances in technology have included increased computerization, improvements in the speed of data transmission, and the rapid expansion of the Internet over the past fifteen years. Another possible interpretation of the wage premium earned by home-based workers is that it is a compensating differential for the provision of work-related infrastructure capital. While employers of homeworkers may supply personal computers, cable modems, and unfinished goods to them, they avoid having to provide office space, parking lots, dining rooms and restrooms.

Occuration	Home	worker	Non-Hor	neworker
Occupation	Men	Women	Men	Women
Managerial &				
Professional				
Specialty,	442	481	1380	2240
Technical, Sales	(91.32%)	(95.63%)	(42.19%)	(71.36%)
& Administration				
Support				
Samiaa Warkara	12	18	339	525
Service workers	(2.48%)	(3.58%)	(10.36%)	(16.73%)
Precision				
Production, Craft	30	4	1552	374
& Repair,	(6.20%)	(0.80%)	(47.45%)	(11.92%)
Operators				
Subtotal	484	503	3271	3139
Total	98	87	64	10

 Table 1: Summary Statistics: Working at home by occupation in May 1997

 Table 2: Summary Statistics: Men who work at home

Variables	Mean	Std. Dev.	Minimum	Maximum
Age	42.0372	9.5860	24.00	65.00
White	.9442	.2297	0	1
Black	.0289	.1678	0	1
Other	.0269	.1618	0	1
High School	0124	1108	0	1
dropout	.0124	.1100	0	1
High School	.1198	.3251	0	1
Some college	.2128	.4097	0	1
College degree	.3698	.4833	0	1
Post college	.2851	.4519	0	1
Married – spouse	7810	4140	0	1
present	.7010	0+1+.	0	1
Widowed	.0062	.0786	0	1
Divorced,				
separated, or	0764	2660	0	1
married – spouse	.0701	.2000	Ŭ	1
absent				
Never married	.1364	.3435	0	1
Managers &	9132	2818	0	1
Professionals	.,	010	ů	-
Service workers	.0248	.1557	0	1
Production &	0620	2414	0	1
Craft, or Repair			ů	-
Northeast	.2107	.4083	0	1
Midwest	.2293	.4208	0	1
South	.2727	.4458	0	1
West	.2872	.4529	0	1
Central city	.2707	.4448	0	1
Suburban	.5599	.4969	0	1
Rural	.1694	.3755	0	1
Union member	.0971	.2964	0	1
Covered by union	0227	1492	0	1
contract	.0227	.1192	Ŭ	1
Government	.1632	.3700	0	1
Private	.8368	.3700	0	1
Hours usually	48 2707	10 2801	10.00	90.00
worked per week	-10.2707	10.2001	10.00	50.00
Weekly earnings	1010.9829	472.6945	59.610	1923
Hourly wage	21.2393	9058608	1.4502	53.5714
Family income	1554.9953	732.2314	48.0769	2307.6924
Number of family members	3.0682	1.4293	1.0	9.0

Table 3: Summary Statistics: Men who do not work at home

Variables	Mean	Std. Dev.	Minimum	Maximum
Age	37.9285	11.5191	18.00	65.00
White	.8771	.3284	0	1
Black	.0789	.2696	0	1
Other	.0440	.2052	0	1
High School	1251	2410	0	1
dropout	.1551	.5419	0	1
High School	.3718	.4834	0	1
Some college	.2651	.4414	0	1
College degree	.1645	.3708	0	1
Post college	.0636	.2441	0	1
Married – spouse	6154	1866	0	1
present	.0134	.4000	0	1
Widowed	.0055	.0740	0	1
Divorced,				
separated, or	1110	31/12	0	1
married – spouse	.1110	.5172	0	1
absent				
Never married	.2681	.4430	0	1
Managers &	4219	4939	0	1
Professionals	. 1217	. 1939	0	1
Service workers	.1036	.3048	0	1
Production &	4745	4994	0	1
Craft, or Repair	. 17 15	. 1991	0	1
Northeast	.2033	.4025	0	1
Midwest	.2479	.4319	0	1
South	.2803	.4492	0	1
West	.2684	.4432	0	1
Central city	.2706	.4443	0	1
Suburban	.4766	.4995	0	1
Rural	.2528	.4347	0	1
Union member	.1899	.3922	0	1
Covered by union	0156	1239	0	1
contract	.0150	.1237	0	1
Government	.1357	.3426	0	1
Private	.8643	.3426	0	1
Hours usually	41 5622	9.0150	3.00	99.00
worked per week	41.3022	9.0150	5.00	99.00
Weekly earnings	608.4711	372.2438	14.400	1923
Hourly wage	14.4250	8.2637	.4800	108.1725
Family income	968.5637	648.4192	48.0769	2307.6938
Number of family	3 2226	1 5806	1.0	14.00
members	5.2220	1.5000	1.0	17.00

 Table 4: Summary Statistics: Women who work at home

Parameters	Mean	Std. Dev.	Minimum	Maximum	
Age	41.1988	10.0338	18.00	65.00	
White	.9225	.2677	0	1	
Black	.0457	.2091	0	1	
Other	.0318	.1757	0	1	
High School	0080	0889	0	1	
dropout	.0000	.0007	0	1	
High School	.1332	.3401	0	1	
Some college	.1968	.3980	0	1	
College degree	.3996	.4903	0	1	
Post college	.2624	.4404	0	1	
Married – spouse	6521	1768	0	1	
present	.0521		0	1	
Widowed	.0258	.1588	0	1	
Divorced,					
separated, or	1690	3751	0	1	
married – spouse	.1090	.5751	0	1	
absent					
Never married	.1531	.3604	0	1	
Managers &	9563	2047	0	1	
Professionals	.9505	.2017	Ŭ	1	
Service workers	.0358	.1859	0	1	
Production &	0080	0889	0	1	
Craft, or Repair	.0000	.0009	Ŭ	1	
Northeast	.2326	.4229	0	1	
Midwest	.2306	.4217	0	1	
South	.2525	.4349	0	1	
West	.2843	.4515	0	1	
Central city	.2664	.4425	0	1	
Suburban	.5408	.4988	0	1	
Rural	.1928	.3949	0	1	
Union member	.2127	.4096	0	1	
Covered by union	0418	2002	0	1	
contract	.0+10	.2002	0	1	
Government	.3519	.4780	0	1	
Private	.6481	.4780	0	1	
Hours usually	41 0437	11 3633	2.00	80.00	
worked per week	F1.0FJ/	11.5055	2.00	00.00	
Weekly earnings	706.9399	402.0866	16.00	1923	
Hourly wage	17.0676	8.6886	1.90	54.9429	
Family income	1384.8100	735.0748	48.0769	2307.6924	
Number of family	2 8310	1 4231	1.0	14.00	
members	2.0310	1.7431	1.0	17.00	

Table 5: Summary	Statistics:	Women who	do not work at home	
1				

Variables	Mean	Std. Dev.	Minimum	Maximum
Age	38.0172	11.6458	18.00	65.00
White	.8398	.3669	0.0	1.0
Black	.1105	.3136	0.0	1.0
Other	.0497	.2174	0.0	1.0
High School	0007	2007	0.0	1.0
dropout	.0997	.2991	0.0	1.0
High School	.3756	.4844	0.0	1.0
Some college	.3195	.4664	0.0	1.0
College degree	.1650	.3713	0.0	1.0
Post college	.0401	.1963	0.0	1.0
Married – spouse	5581	4067	0.0	1.0
present	.5561	.4907	0.0	1.0
Widowed	.0274	.1633	0.0	1.0
Divorced,				
separated, or	1803	3845	0.0	1.0
married – spouse	.1005	.50+5	0.0	1.0
absent				
Never married	.2342	.4235	0.0	1.0
Managers &	7136	4522	0.0	1.0
Professionals	.,150	. 10 22	0.0	1.0
Service workers	.1673	.3733	0.0	1.0
Production &	.1192	.3240	0.0	1.0
Craft, or Repair				
Northeast	.1972	.3980	0.0	1.0
Midwest	.2647	.4413	0.0	1.0
South	.3084	.4619	0.0	1.0
West	.2297	.4207	0.0	1.0
Central city	.2733	.4457	0.0	1.0
Suburban	.4552	.4981	0.0	1.0
Rural	.2714	.4448	0.0	1.0
Union member	.1137	.3175	0.0	1.0
Covered by union	.0166	.1277	0.0	1.0
contract			0.0	1.0
Government	.1688	.3747	0.0	1.0
Private	.8311	.3747	0.0	1.0
Hours usually	36.3549	9.5805	2.00	88.00
worked per week				
Weekly earnings	413.9756	274.8997	10.00	1923
Hourly wage	11.0974	6.3486	.8239	54.9429
Family income	946.6590	664.0631	48.0769	2307.6924
Number of family	3,1446	1,4496	1.0	12 00
members	0.1110	1.1190		12.00

Estimate (t-statistic) Estimate (t-statistic) Constant -4.555 -3.6068 Age 1140 0.908 Age 1140 0.908 Age squared 0012 0010 Age squared 0012 0010 Age squared 4660 2652 Black (-2.9588) (-2.0557) Other (.2.6515) (-1.9928) High School dropout 3231 3431 Other (.2.5459) (.2.2759) Some college 2.5101 .8654 Other 2218 1366 Post college 6501 1366 Widowed 2297 1841 Outored, separated, married – 0151 1115 spouse absent 0023 0735 Marger & Professionals (.46251) (.36380) Production & Craft, or Repair 1026 1185 Outored, separated, married – 0151 1115 spouse absent 0023	Variables	Men	Women
Constant -4 555 (-8.9823) -3.6068 (-8.3810) Age		Estimate (t-statistic)	Estimate (t-statistic)
Constant $(=8,9823)$ $(=8,0823)$ $(=8,0823)$ Age .1140 .0908 Age squared 0012 0010 Age squared 0012 0010 Black (=2,670) (=3,8499) Black 2652 (=2,0583) Other 4660 2652 Other 431 3079 (=2,5615) (=1,9928) 3079 Other 331 3431 (=1,6087) (=1,5913) 3431 Some college 257 9033 Some college 2550 1366 Other (=2,5459) 22759) 2785) College degree 5101 8550 366 Maried – spouse present 2218	Constant	-4.555	-3.6068
Age .1140 .0908 Age squared .4.7634) (4.2484) Age squared .0012 .0010 Start .2652 .2652 Black .20557) .2652 Other .4451 .3079 C2.5615) .(-1.9928) .3431 High School dropout .2357 .1003 College degree .2551 .(0.2564) College degree .5101 .8654 College degree .54878) (0.2758) Post college .8550 1.366 Married – spouse present .2218 .1366 Vidowed .2297 .1841 Managers & Professionals .7035 .4299 Managers & Professionals .7035 .4299 Northeast .0023 .0796 South .1134) .(1.0043) Northeast .0023 .0796 South .1287 .2209 Kalso .2196) .2196 .1133	Constant	(-8.9823)	(-8.3810)
New (4,7634) (4,2434) Age squared 0010 0010 Age squared 0010 (.3.8499) Black 4660 2652 Other 4451 3079 Other (.2.9588) (.2.0557) Other 3231 3431 (.1.6087) (.1.5913) .3431 Some college .2.5459) (.2.2759) College degree .5101 .8654 (.2.5459) (.2.2758) Post college .8550 1.366 Married – spouse present .2.218 .1366 Widowed .2297 .1841 Spouse absent .0151 .1115 pouse absent .0151 .1115 pouse absent .0023 .0796 Northeast .0023 .0796 Northeast .0023 .0796 Northeast .0023 .0796 Northeast .0280 .4185 Otold .0299 .16102 <td>Age</td> <td>.1140</td> <td>.0908</td>	Age	.1140	.0908
Age squared -0012 -0010 Black -4660 -2652 Other (-2.9588) (-2.057) Other -4451 -3079 (c) -3231 -3331 Black (-2.5615) (-1.9928) High School dropout -3231 -3331 Some college (2.5459) (2.2759) College degree $(.5.101)$ $.8654$ (2.5459) (2.2759) Post college $(.5.4878)$ (10.2758) Post college $(.8.0547)$ (12.8571) Married – spouse present $(.22351)$ (1.4636) Widowed $.2297$ $.1841$ Divorced, separated, married – 0151 1.115 spouse absent $(.1134)$ (1.0043) Managers & Professionals (4.6251) (3.6380) Production & Craft, or Repair (-1.8356) (-2.196) Northeast $(.0259)$ $(.9162)$ South $(.1.287)$ $.2209$		(4.7634)	(4.2484)
Ngb Squared (.4.2670) (.3.8499) Black 4660 2652 Other 4451 3079 Other (.2.6515) (.1.9928) High School dropout 3231 3431 Other (.2.6515) (.1.5913) Some college (.2.5459) (.2.2759) College degree .5101 .8654 Other (.2.357) (.1903) Post college (.8.0547) (.1.2.8571) Married – spouse present (.2.2351) (.1.4636) Widowed .2297 .1841 Outored, separated, married – .0151 .1115 pouse absent .0134 (.10043) Managers & Professionals (.4.6251) (.3.6380) Production & Craft, or Repair 3083 .4964 .0259 .0796 .0162) Northeast .0023 .0796 .0250 .1185 .0162) Northeast .0250 .1185 .1287 .2209	Age squared	0012	0010
Black 4660 2652 Other 29588) (-2.0557) Other 2451 -3079 High School dropout 3231 3331 High School dropout 3237 -1903 Some college (-2.0557) (-1.5913) Some college (-2.5459) (-2.2759) College degree -5101 .8654 (-2.5459) (-2.2759) (-2.65478) Post college .5101 .8654 Married - spouse present -2218 .1366 Widowed .2297 .1841 Uta636) (.8815) 0 Divorced, separated, married - .0151 .1115 spouse absent (.1134) (1.0043) Managers & Professionals .7035 .4299 Maragers & Professionals .7035 .4299 Northeast .0023 .0796 Northeast .0259) .(9162) South .1387 .2209 Central city 1028 .		(-4.2670)	(-3.8499)
Constant (-2.9588) (-2.057) Other (-4.451) -3079 Other (-2.5615) (-1.9928) High School dropout 3231 3431 Some college (-2.5459) (2.2759) College degree (5.101) 8654 (-2.5459) (2.2759) College degree (5.4878) (10.2758) Post college (8.0547) (12.8571) Married – spouse present $.2218$ $.1366$ (2.2351) (1.4636) (8815) Divorced, separated, married – $.0151$ $.1115$ spouse absent $.0151$ $.1115$ pouse absent $.0151$ $.01043$ Production & Craft, or Repair $.7035$ $.4299$ Managers & Professionals (4.6251) (3.6380) Production & Craft, or Repair $.0023$ $.0796$ (1.8356) (-2.1196) $.0361$ -0404 (4.193) (-4.826) $.16309$ Quest	Black	4660	2652
Other 4451 3079 (-2.5615) (-1.9928) High School dropout 3231 3431 Some college (2.5459) (2.2759) College degree 5101 .8654 (0.2758) (10.2758) Post college .8550 1.366 (2.231) (14.636) Married – spouse present .2218 .1366 (2.2351) (14.636) Widowed .2297 .1841 Divorced, separated, married – .0151 .1115 spouse absent .1035 .4299 Managers & Professionals (.46251) (3.6380) Production & Craft, or Repair .3083 4964 (.0259) (.9162) .00796 Northeast .0023 .0796 (1.5028) (2.6309) .9162) South .1287 .2209 West .1287 .2209 Correl by union contract .0740 .2399 .01028 .1630 .		(-2.9588)	(-2.0557)
Image: Constraint of the sector of	Other	4451	3079
High School dropout 3231 (-1.6087) 3431 (-1.5913) Some college .2357 .1903 College degree (2.5459) (2.2759) College degree .5101 .8654 (5.4878) (10.2758) Post college .8550 1.366 (8.0547) (12.8571) Married – spouse present .2218 1.366 (2.2351) (1.4636) Widowed .2297 .1841 Obvioced, separated, married – .0151 .1115 spouse absent (1.134) (1.0043) Managers & Professionals .7035 .4299 Managers & Professionals .7035 .4299 Northeast .0023 .0796 .0023 .0796 .0152 South .1287 .2209 Kest .1287 .2209 West .1287 .2209 Cortral city 1028 1630 Cural .2029 .0612 .1008		(-2.5615)	(-1.9928)
Constraint (-1.6087) (-1.5913) Some college .2357 .1903 College degree .5101 .8654 (0.2758) .022759) College degree .5101 .8654 Married – spouse present .2218 .1366 Widowed .2297 .1841 (.5450) (.8815) Divorced, separated, married – .0151 .1115 spouse absent .(.1134) (.10043) Managers & Professionals .7035 .4299 Maragers & Professionals .4259 .(.21196) Northeast .0023 .0796 .0259 .9162) .0361 South .1287 .2209 (Lastr) .6309	High School dropout	3231	3431
Some college	<u>8</u>	(-1.6087)	(-1.5913)
College degree $(2,2459)$ $(2,2759)$ College degree .5101 .8654 Post college .8550 1.366 (2,2351) (10,2758) Married – spouse present .2218 .1366 (2,2351) (1.4636) Widowed .2297 .1841 (.5450) (.8815) Divorced, separated, married – .0151 .1115 spouse absent .1134 (1.0043) Managers & Professionals .7035 .4299 Yeduction & Craft, or Repair 3083 4964 (.13356) (-2.1196) .0796 Northeast .0023 .0796 South .0361 0404 (.4193) (4826) West .12028 1630 Caloup .0550 1185 Quinon member .1028 .1630 Coll Caloup .1028 .1630 Quinon member .1028 .1630 Quinon member .19868) (.6483)	Some college	.2357	.1903
College degree 5101 8654 Post college (.5.4878) (.10.2758) Post college 8550 1.366 Married – spouse present 218 1.366 (2.2351) (.1.4636) Widowed 227 1.841 (5450) (.8815) Divorced, separated, married – .0151 1115 spouse absent 134 (1.0043) Managers & Professionals 7035 4299 Managers & Professionals 7035 4299 Northeast 0023 0796 (.0259) (9162)		(2.5459)	(2.2759)
(5,4878) (10.2788) Post college .8550 1.366 Married – spouse present .2218 .1366 $(2,2351)$ (1.4636) Widowed .2297 .1841 (5450) (8815) Divorced, separated, married – .0151 .1115 spouse absent .0151 .1115 Managers & Professionals .7035 .4299 Managers & Professionals .66251) (3.6380) Production & Craft, or Repair 3083 4964 .0023 .0796 South .0023 .0796 Northeast .0023 .0796 South .1287 .2209 West .1287 .2209 Central city 1028 1630 Maral .12630 .1630 Maral .2022 .0612 .1363 .1630 .1239 Covered by union contract .0740 .2399 .1368 .12443) .12304 <t< td=""><td>College degree</td><td>.5101</td><td>.8654</td></t<>	College degree	.5101	.8654
Post college .8550 (8.0547) 1.366 (12.8571) Married – spouse present .2218 (2.2351) .1366 Widowed .2297 .1841 (.5450) (.8815) Divorced, separated, married – spouse absent .0151 .1115 Managers & Professionals .7035 .4299 Managers & Professionals .7035 .4299 Production & Craft, or Repair .3083 4964 (-1.8356) (-2.1196) Northeast .0023 .0796 South .0361 0404 (.4193) (-4826) West .1287 .2209 Central city Mural (.12454) (-2.0943) Union member		(5.4878)	(10.2758)
C (8,0547) (12,8571) Married – spouse present .2218 .1366 Widowed .2297 .1841 Widowed (.5450) (.8815) Divorced, separated, married – .0151 .1115 spouse absent .1134 (10043) Managers & Professionals .7035 .4299 Managers & Professionals .46251) (3.6380) Production & Craft, or Repair 3083 4964 .0229 .0776 .1196) Northeast .0023 .0776 .0023 .0776 .2199 South .0361 0404 .1287 .2209 .2209 Vest .1287 .2209 Central city 0550 1185 .1028 1630 .1630 Maral .2209 .0612 .1010 .0214 .20943) .1287 .2209 .2185 .1287 .2209 .216309) .1028 <t< td=""><td>Post college</td><td>.8550</td><td>1.366</td></t<>	Post college	.8550	1.366
Married - spouse present		(8.0547)	(12.85/1)
Widowed (2.2351) (1.4656) Widowed $.2297$ $.1841$ Divorced, separated, married – spouse absent $.0151$ $.1115$ Managers & Professionals $.7035$ $.4299$ Managers & Professionals (4.6251) (3.6380) Production & Craft, or Repair 3083 4964 Northeast $.0023$ $.0796$ South $.0361$ 0404 (.4193) (4826) West $.1287$ $.2209$ Central city $.01528$ (2.6309) Rural $.1028$ 1630 Union member 1028 1630 Covered by union contract $.0740$ $.2399$ Private-sector employer $.1755$ 1700 Private-sector employer $.1287$ $.2399$ Unearned income $.0001$ $.00008$ $.0225$ 1700 1755 1700 1755 1700 Intermed income 0001 $.00008$	Married – spouse present	.2218	.1366
Widowed $$	1 1	(2.2351)	(1.4636)
(.5450) $(.8813)$ Divorced, separated, married – .0151 .1115 spouse absent .(.1134) (1.0043) Managers & Professionals .7035 .4299 Managers & Professionals .(.6251) (3.6380) Production & Craft, or Repair .3083 .4964 (.1.8356) (-2.1196) Northeast .0023 .0796 South .0361 .0404 (.4193) (-4826) . West .1287 .2209 Central city (-7413) (-1.6309) Rural .1028 .1630 Union member .2002 .0612 (.1.9868) (.6483) . Covered by union contract .0368 (1.2946) Private-sector employer .1755 1700 Inearned income .0001 .00008 Unearned income .0001 .00008 (.2.3255) (1.6177) Number of family members .0384 .0656 <td>Widowed</td> <td>.2297</td> <td>.1841</td>	Widowed	.2297	.1841
Divorced, separated, married – .0151 .1115 spouse absent (.1134) (1.0043) Managers & Professionals .7035 .4299 Production & Craft, or Repair 3083 4964 Northeast .0023 .0796 Northeast .0023 .0796 South .0361 0404 West .1287 .2209 Central city 0550 1185 Rural .1028 .1630 Union member .1028 .1630 Covered by union contract .0740 .2399 Private-sector employer .1755 .1700 Private-sector employer .1755 .1700 Number of family members .0001 .00008 .0011 .00008 .0001 .0023 .016177 .02365	D: 1 / 1 / 1	(.5450)	(.8815)
spouse absent $(.1134)$ (1.0043) Managers & Professionals .7035 .4299 Managers & Professionals (4.6251) (3.6380) Production & Craft, or Repair (3083) (4964) Northeast $(.0259)$ $(.9162)$ South $(.0259)$ $(.9162)$ South $(.1393)$ (4826) West $(.15028)$ (2.6309) Central city $(.7413)$ (-1.6309) Rural $(.12454)$ (-2.0943) Union member $(.368)$ (1.2946) Private-sector employer $.1755$ 1700 Private-sector employer $.0001$ $.00008$ Unearned income $.0001$ $.00008$ (2.3255) (1.6177) Number of family members 0384 0656	Divorced, separated, married –	.0151	.1115
Managers & Professionals $.7035$ $.4299$ Managers & Professionals (4.6251) (3.6380) Production & Craft, or Repair 3083 4964 Northeast $(.0259)$ $(.2.1196)$ Northeast $(.0259)$ $(.9162)$ South $(.0361)$ 0404 $(.4193)$ (4826) West $(.15028)$ (2.6309) Central city 0550 1185 Kural $(.2454)$ (-2.0943) Union member $(.19868)$ $(.6483)$ Covered by union contract $.0740$ $.2399$ Unearned income $.0001$ $.00008$ $.0001$ $.00008$ $.0001$ Number of family members $.0.0384$ $.0056$	spouse absent	(.1134)	(1.0043)
Production & Craft, or Repair 3083 (-1.8356) 4964 (-2.1196)Northeast $.0023$ ($.0259$) $.0796$ ($.9162$)South $.0361$ ($.4193$) 0404 ($.4826$)West $.1287$ (1.5028) $.2209$ (2.6309)Central city 0550 (1.7413) 1185 (-1.6309)Rural $.1287$ (1.2454) $.20943$)Union member 002 (1.2454) $.0612$ (-2.0943)Union member $.2002$ ($.3368$) $.0740$ ($.2399$)Covered by union contract $.0740$ ($.3368$) $.1755$ ($.1755$)Private-sector employer $.1755$ ($.1755$) $.1700$ ($.2.1548$)Unearned income $.0001$ ($.23255$) $.0008$ ($.16177$)Number of family members 0384 (-1.5494) 0656 (-2.6805)	Managers & Professionals	./035	.4299
Production & Craft, or Repair 3083 4964 Northeast .0023 .0796 Northeast .00239) (.9162) South .0361 0404 (A193) (4826) West .1287 .2209 Central city 0550 1185 Rural 1028 1630 Union member .2002 .0612 (.1.2454) (-2.0943) Union member .1038 .1630 Overed by union contract .0740 .2399 Overed by union contract .0740 .2399 Unearned income .0001 .00008 Unearned income .0001 .00008 Unearned income .0384 0656 (-1.5494) (-2.6805) .0656		(4.6251)	(3.6380)
Northeast (-1.8350) (-2.1196) Northeast $.0023$ $.0796$ South $(.0259)$ $(.9162)$ South $(.0361)$ 0404 $(.4193)$ (4826) West $(.1287)$ $.2209$ Central city 0550 1185 Central city $(.7413)$ (-1.6309) Rural $(.1.2454)$ (-2.0943) Union member $.2002$ $.0612$ Covered by union contract $.0740$ $.2399$ Private-sector employer $.1755$ 1700 Private-sector employer $.1755$ 1700 Unearned income $.0001$ $.00008$ Unmber of family members 0384 0656 (-1.5494) (-2.6805) (-2.6805)	Production & Craft, or Repair	3083	4964
Northeast .0025 .0796 South .0361 0404 (.4193) (4826) West .1287 .2209 (1.5028) (2.6309) Central city 0550 1185 Rural (7413) (-1.6309) Union member 1028 1630 (1.2454) (-2.0943) . Union member .2002 .0612 (-1.9868) (.6483) . Covered by union contract .0740 .2399 Private-sector employer .1755 1700 Unearned income .0001 .00008 Unearned income .0001 .00008 .0384 0656 (-1.5494) (-2.6805)		(-1.8536)	(-2.1196)
South $(.0239)$ $(.9102)$ South $.0361$ 0404 $(.4193)$ (4826) West $.1287$ $.2209$ (1.5028) (2.6309) Central city 0550 1185 Rural $(.77413)$ (-1.6309) Union member $(.2.0943)$ $(.1.2454)$ (-2.0943) Union member $(.1.9868)$ $(.1.9868)$ $(.6483)$ Covered by union contract $.0740$ $.2399$ $(.1.2946)$ Private-sector employer $.1755$ $.1755$ 1700 Unearned income $.0001$ $.00008$ Unearned income $.0034$ 0656 Number of family members 0384 0656	Northeast	.0025	.0796
South		(.0239)	(.9102)
West $(.4193)$ $(.4320)$ West $.1287$ $.2209$ Central city $.0550$ $.1185$ Central city $(.7413)$ (-1.6309) Rural $(.7413)$ (-1.6309) Union member $.2002$ $.0612$ Union member $(.1.9868)$ $(.6483)$ Covered by union contract $.0740$ $.2399$ Private-sector employer $.1755$ 1700 Unearned income $.0001$ $.00008$ Unearned income $.0384$ 0656 Number of family members $(.1.5494)$ (-2.6805)	South	(4103)	(4826)
West (1.237) (2.207) Central city (1.5028) (2.6309) Central city (-0.550) 1185 Rural (-7413) (-1.6309) Rural (-1.028) 1630 Union member (-2.0943) Union member (-1.9868) $(.6483)$ Covered by union contract $.0740$ $.2399$ Private-sector employer $.1755$ 1700 Unearned income $.0001$ $.00008$ Unearned income $.0384$ 0656 Number of family members (-1.5494) (-2.6805)		(.4193)	(4820)
Central city 0550 1185 Rural (7413) (-1.6309) Rural $(.1.2454)$ (-2.0943) Union member $(.2.092)$ $.0612$ (-1.9868) $(.6483)$ Covered by union contract $.0740$ $.2399$ Private-sector employer $.1755$ 1700 Unearned income $.0001$ $.00008$ Unearned income $.0384$ 0656 Number of family members 0384 0656	West	(1,5028)	(2 6309)
Central city (-7.413) (-1.6309) Rural 1028 1630 Union member (-2.0943) (-2.0943) Union member (-1.9868) (.6483) Covered by union contract .0740 .2399 Private-sector employer .1755 1700 Unearned income .0001 .00008 Union family members 0384 0656 (-1.5494) (-2.6805)		- 0550	(2.0509)
Rural 1028 1630 Union member 2002 .0612 (-1.9868) (.6483) Covered by union contract .0740 .2399 Private-sector employer .1755 1700 Unearned income .0001 .00008 Union members .0384 0656	Central city	(- 7413)	(-1 6309)
Rural (1.2454) (-2.0943) Union member 2002 .0612 (-1.9868) (.6483) Covered by union contract .0740 .2399 (.3368) (1.2946) Private-sector employer .1755 1700 Unearned income .0001 .00008 (2.3255) (1.6177) Number of family members 0384 0656 (-1.5494) (-2.6805)		- 1028	- 1630
Union member 2002 .0612 (-1.9868) (.6483) Covered by union contract .0740 .2399 (.3368) (1.2946) Private-sector employer .1755 1700 Unearned income .0001 .00008 (2.3255) (1.6177) Number of family members 0384 0656 (-1.5494) (-2.6805)	Rural	$(1\ 2454)$	(-2.0943)
Union member		- 2002	0612
Covered by union contract .0740 .2399 .0740 .2399 (.3368) (1.2946) Private-sector employer .1755 1700 Unearned income .0001 .00008 (2.3255) (1.6177) Number of family members 0384 0656 (-1.5494) (-2.6805)	Union member	(-1.9868)	(6483)
Covered by union contract (.3)16 (.2)97 Private-sector employer (.3368) (1.2946) Unearned income (.0001 (.0008 (2.3255) (1.6177) Number of family members (-1.5494) (-2.6805)		0740	2399
Image: Non-sector employer Image: Non-sector employer <th< td=""><td>Covered by union contract</td><td>(3368)</td><td>(1 2946)</td></th<>	Covered by union contract	(3368)	(1 2946)
Private-sector employer (1.8742) (-2.1548) Unearned income .0001 .00008 (2.3255) (1.6177) Number of family members 0384 0656 (-1.5494) (-2.6805)		1755	- 1700
Unearned income .0001 .00008 Number of family members 0384 0656 (-1.5494) (-2.6805)	Private-sector employer	(1.8742)	(-2,1548)
Unearned income (2.3255) (1.6177) Number of family members 0384 0656 (-1.5494) (-2.6805)		.0001	.00008
Number of family members 0384 0656 (-1.5494) (-2.6805)	Unearned income	(2.3255)	(1.6177)
Number of family members (-1.5494) (-2.6805)		0384	0656
	Number of family members	(-1.5494)	(-2.6805)

 Table 6: Homeworking-status equation: ML Probit estimates

	Men	Women
Variable	Estimate (t-statistic)	Estimate (t-statistic)
Constant	1.1409	.9667
Constant	(12.5412)	(11.6162)
Homeworker	.1094	.1319
Homeworker	(4.6096)	(5.9242)
Ago	.0456	.0472
Age	(9.7435)	(10.8251)
A go squared	0005	0005
Age squared	(-8.2978)	(-9.6213)
Plaak	1304	.0015
DIACK	(-4.4713)	(.0586)
Other	0303	0137
Other	(8190)	(4068)
High School dropout	2125	1172
Tingii School dropout	(-8.4834)	(-4.2921)
Some college	.04550	.1393
Some conege	(2.3322)	(7.8715)
Collaga dagraa	.2956	.3685
College degree	(12.4452)	(17.2705)
Post college	.4265	.4701
r ost college	(13.8524)	(14.8482)
Married shouse present	.1803	.0416
Warned – spouse present	(8.5178)	(2.0123)
Widowed	.1269	0301
Widowed	(1.2688)	(6194)
Divorced, separated, or	.1072	.0156
married – spouse absent	(3.6350)	(.6173)
Managers & Professionals	.2749	.2345
	(9.6889)	(11.1370)
Production & Craft or Repair	.2243	.1240
Troduction & Crart, or Repair	(8.1627)	(4.3468)
Northeast	.0229	.0484
Torthoust	(1.0445)	(2.3145)
South	0286	.0031
South	(-1.3869)	(.1639)
West	0365	.0308
	(-1.7655)	(1.5201)
Central city	0718	0074
	(-3.9928)	(4246)
Rural	1421	1567
	(-7.6711)	(-8.9682)
Union member	.1991	.1819
	(9.6077)	(7.8208)
Covered by union contract	.0902	.0879
	(1.5559)	(1.7210)
Private-sector employer	.0280	.0132
Thruce Sector employer	(1.2010)	(.6546)

 Table 7: Hourly wage equation: OLS estimates

	Men	Women
Variable	Estimate (t-statistic)	Estimate (t-statistic)
Constant	1.2577	1.0480
Constant	(12.7685)	(12.8322)
Homeworker	.6554	.6660
Homeworker	(3.9574)	(3.4759)
Ago	.0405	.0423
Age	(7.7516)	(9.6574)
A ga squared	0004	0005
Age squared	(-6.5801)	(-8.7196)
Plack	1005	.0171
DIACK	(-3.2591)	(.6800)
Other	.0074	.0187
Other	(.1845)	(.5122)
High School dropout	2084	1123
Tingii School dropout	(-8.9006)	(-4.6144)
Some college	.0306	.1261
Some conege	(1.5929)	(7.0058)
College degree	.2352	.2629
	(7.8951)	(6.0308)
Post college	.2900	.2522
	(5.3787)	(2.8107)
Married – spouse present	.1644	.0329
Warried – spouse present	(6.9280)	(1.5490)
Widowed	.1164	0418
W luo weu	(1.3378)	(9319)
Divorced, separated, or	.1061	.0093
married - spouse absent	(3.3461)	(.3605)
Managers & Professionals	.2149	.2080
	(6.5422)	(9.2570)
Production & Craft or Renair	.2392	.1326
	(9.0610)	(4.8903)
Northeast	.0214	.0401
	(1.0087)	(1.8337)
South	0330	.0044
	(-1.6178)	(.2418)
West	0489	.0065
	(-2.4068)	(.2985)
Central city	0644	.00571
	(-3.5216)	(.3172)
Rural	1330	1438
	(-7.4594)	(-8.0674)
Union member	.2155	.1737
	(10.5386)	(7.4526)
Covered by union contract	.0866	.0563
	(1.2358)	(1.0993)
Private-sector employer	.0089	.0334
	(.3632)	(1.5220)

 Table 8: Hourly wage equation: 2SLS estimates

	PT Men	FT Men
Variable	Estimate (t-statistic)	Estimate (t-statistic)
Constant	1.4366	1.3773
Constant	(2.9193)	(12.7762)
Homeworker	.6870	.4211
	(.3194)	(2.3728)
A 32	0006	.0367
Age	(0225)	(6.6004)
A ge squared	00002	0004
	(0740)	(-5.3710)
Black	0193	1117
Diack	(1330)	(-3.4441)
Other	.2191	0277
Other	(1.8592)	(6442)
High School dropout	0891	2107
	(-1.0213)	(-8.8023)
Some college	.0754	.0474
	(.7533)	(2.3922)
College degree	.3158	.2569
	(.9700)	(8.4330)
Post college	.1117	.3499
	(.1108)	(6.3958)
Married – spouse present	.3980	.1507
Warned – spouse present	(2.8538)	(6.4221)
Widowed	.0039	.1214
	(.0038)	(1.3225)
Divorced, separated, or	.1292	.1040
married - spouse absent	(.6004)	(3.3155)
Managers & Professionals	.2141	.2349
	(3.1755)	(6.4527)
Production & Craft or Renair	.1556	.2265
	(1.4191)	(7.9009)
Northeast	.0730	.0199
	(.7049)	(.9152)
South	.1585	0471
	(1.0415)	(-2.2788)
West	.0843	0440
	(.9272)	(-2.1017)
Central city	0055	0730
	(0370)	(-3.9077)
Rural	2037	1319
	(-1.4344)	(-7.2895)
Union member	.3426	.1866
	(1.7082)	(9.1284)
Covered by union contract	.6183	.0553
	(7.8352)	(.7830)
Private-sector employer	.2381	0042
invate sector employer	(1.0674)	(1667)

Table 9: Hourly wage equation: 2SLS estimates; PT and FT men

	PT Women	FT Women
Variable	Estimate (t-statistic)	Estimate (t-statistic)
Constant	1.1838	1.1440
Constant	(6.9300)	(12.1749)
Homeworker	.7895	.3365
Homeworker	(2.5035)	(1.6568)
Ago	.0311	.0399
Age	(3.3213)	(7.8698)
A ge squared	0004	0004
Age squared	(-3.1760)	(-6.8767)
Black	1008	.0107
	(-1.2754)	(.4028)
Other	0299	.0059
	(3522)	(.1513)
High School dropout	.0104	1588
	(.2208)	(-5.5331)
Some college	.1672	.1282
Some conege	(4.5735)	(6.3325)
College degree	.3353	.3117
	(6.0538)	(5.8790)
Post college	.1443	.3765
	(.8041)	(4.0678)
Married – spouse present	.1222	.0280
Married – spouse present	(2.1023)	(1.2418)
Widowed	0299	0472
Widowed	(2565)	(9834)
Divorced, separated, or	.0008	0007
married - spouse absent	(.0122)	(0254)
Managers & Professionals	.0337	.2546
	(.8232)	(9.3726)
Production & Craft or Repair	1401	.1624
	(-2.1246)	(5.0834)
Northeast	0452	.0759
	(-1.0304)	(3.1332)
South	.0135	0150
	(.0446)	(7714)
West	0315	.0201
	(5792)	(.8978)
Central city	0424	0026
	(9680)	(1285)
Rural	1056	1620
	(-2.7414)	(-8.3644)
Union member	.2232	.1456
	(3.7175)	(5.8505)
Covered by union contract	.3503	.0154
	(1.9019)	(.3000)
Private-sector employer	.0873	.0068
san survey and	(1.6959)	(.2789)

Table 10: Hourly wage equation: 2SLS estimates; PT and FT women

CONCLUSIONS

According to previous research reported in the literature, working at home is negatively correlated with the hourly wage. In this study, I present evidence from the May 1997 CPS that performing home-based work has a positive effect on the hourly wage for both men and women. This inference characterizes both the single-equation, ordinary-least squares estimates of a log (hourly) wage equation, and the simultaneous-equations estimates obtained by allowing homeworker status to be endogenous. As shown in Tables 2 through 5, the average earnings of home-based workers are higher than the mean earnings of their office-located counterparts. This contrast remains valid after controlling for a lengthy set of individual characteristics, and allowing for the decision to work at home to be endogenous. Explanations for this novel result might include the restrictions I imposed on the sample (for example, no self-employed persons), the occupational composition of the sample (over 90 percent work in the Managerial & Professional Specialty, Technical, Sales & Administration Support group) and, perhaps most importantly, technological changes over time that have enhanced the ability of people to work at home more productively.

Future research should pursue the use of a Full Information Maximum Likelihood estimator to obtain more efficient estimates. Moreover, although the parameter estimates I present are consistent, the standard errors obtained with the two-step procedure are not exactly correct because the predicted value of homeworker status is a generated regressor. Finally, I recommend distinguishing individuals further by the number of hours they work. Part-time and full-time employees might have different characteristics, leading to systematically different decisions about working at home and to differences regarding potential income.

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