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## ORGANIZATIONAL MEDIATION OF PROJECT-BASED LABOR MARKETS: TALENT AGENCIES AND THE CAREERS OF SCREENWRITERS\*

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*We examine how organizations that mediate “life-of-project” employment segment the labor market in a culture industry. Using longitudinal data on writers for television and feature films, we examine trends in the extent to which type of agency representation affects writers’ employment and earnings. Elite or “core” agencies are those that transcend their role as market brokers between the suppliers and purchasers of writing services by participating actively in the production process. Writers who are represented by such agencies are substantially more likely to find employment, and they earn considerably more than equally accomplished writers with noncore agency representation. We discuss the implications of these findings for contingent employment of professionalized employees in other highly institutionalized industrial sectors.*

The organization of production within and across firms fundamentally shapes the labor market outcomes and career trajectories of individuals (Baron 1984; Baron and Bielby 1980). Careers are built through interfirm and intrafirm mobility, and organizations condition that mobility through decisions to recruit, select, assign, socialize, promote, and terminate employees (Bridges and Villemez 1994; Jacobs 1981; Rosenfeld 1992). Moreover, organizational actions that create opportunity structures are in turn influenced by organizational ecology—the birth, growth, decline, and death of organizations (Hannan 1988; Haveman 1994).

Recently, motivated in part by concern about the consequences of industrial restruc-

turing and “downsizing,” labor market scholars have begun to study the “contingent workforce” and the externalization of the employment relation (Belous 1989; Davis-Blake and Uzzi 1993; Pfeffer and Baron 1988). It is widely believed that more and more organizations are finding it economical to rely on part-time workers, temporary employees, and subcontracted labor (Abraham 1988; Abraham and Taylor 1996; Plovika 1996). Moreover, the trend toward externalization of the employment relation is not limited to routine administrative and production work. Increasingly, professional work such as computer programming, engineering, legal services, and even executive-level management is being performed by contingent workers (Frederick 1995; Millner 1989; Plovika 1996; Slaughter and Ang 1996).

In light of these trends, what does it mean to “bring the firm back in” for workers who are only weakly attached to the firms in which they work? In this research, we explore how the organizations that mediate between buyers and sellers of externalized labor shape careers. The industrial context we study—writing for television and feature film—is one in which *reputation* is a key resource for career success and in which the reputational value of an employee’s work product atrophies rapidly over time. Accord-

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\*Direct correspondence to William T. Bielby, Department of Sociology, University of California, Santa Barbara, CA 93106 (bielbyw@sscf.ucsb.edu). A previous version of this paper was presented at the Conference on The Social Construction of Markets, Firms, and Careers held at the Graduate School of Management, University of California, Davis, April 1, 1995. Howard Aldrich, Nicole Biggart, anonymous *ASR* reviewers, and participants in the University of California, Santa Barbara Comparative Institutions Seminar provided valuable comments on an early draft. This research was supported by a grant from the National Science Foundation (SES 89-10039).

ingly, we focus on how affiliation with an organization that has the capacity to certify and signal an employee's reputation affects career outcomes.

We examine the evolving role of talent agencies in the organization of production in the entertainment industry and how agencies' actions shape the labor market for film and television writers. We argue that efficiency-based accounts of entertainment industry labor markets—while consistent with recent theorizing about externalized employment relationships—fail to adequately explain the highly segmented nature of those markets and the role that “brokerage” organizations play in creating and sustaining that segmentation. Specifically, we maintain that brokerage organizations such as talent agencies are more than just efficient solutions to problems of uncertainty in the labor market. As the largest agencies have become more actively engaged in production activities they have transcended their roles as market brokers, and the resulting segmentation among agencies is consequential for writers' careers. We argue that representation by a “core” agency provides writers with the reputation, legitimacy, and resources that flow from central location in a network of recurrently contracting parties. Accordingly, we hypothesize that writers represented by elite, core agencies have substantially higher levels of career success than do writers with comparable track records who are not represented by such agencies. We also assess whether limited access to mediating organizations marginalizes women, minority, and older writers in the networks of recurrent contracting, thus partially explaining gender, race, and age differentials in career success in culture industries (D. Bielby and W. Bielby 1993, 1996; W. Bielby and D. Bielby 1992, 1993; Dates and Barlow 1990; Francke 1994; Gray 1993; McCreadie 1994).

We develop hypotheses and test them using longitudinal data on writers' careers. Our quantitative analysis is designed to evaluate how mediating organizations segment the labor market for a professionalized contingent workforce. We discuss the implications of our findings for understanding the dynamics of organizational brokerage of culture industry labor markets specifically and for scholarship on the organizational

mediation of externalized employment relations more generally.

## **PROJECT-BASED CAREERS AND SUBCONTRACTED PRODUCTION IN THE ENTERTAINMENT INDUSTRY**

### *Historical Transformations: From Hierarchy to Market*

In the 1930s and 1940s, most screenwriters (as well as actors, directors, cinematographers, and other creative personnel) were salaried employees of the major studios. The studios were vertically integrated motion picture factories—large, hierarchically organized firms engaged in the development, production, distribution, and exhibition of feature films (Christopherson 1996; Paul and Kleingartner 1996; Stanley 1978; Works Progress Administration 1941). Following World War II, rising production costs, declining box office receipts, and the government's antitrust actions made the studio system difficult to sustain. Filling the void were independent productions initiated by prominent actors, directors, or producers, for whom profit participation and deferred compensation provided substantial tax advantages. Their films typically were produced using leased facilities from a major studio, which also would provide marketing, distribution, and partial financing in exchange for a share of the profits. By 1957, 58 percent of Hollywood feature films were independent productions, compared to just 20 percent in 1949 (Baughman 1997:79–84). By the mid-1970s, the vertically integrated studio system in both film and television had been completely supplanted by a system of subcontracted production, with risks distributed downward to independent production entities (Baughman 1997; Boddy 1990; Christopherson 1996:87–92; Faulkner and Anderson 1987; Wasko 1981).

The demise of the studio system fundamentally transformed the employment relation. Since the 1970s, most writers and creative personnel have been employed by “single project organizations” (Baker and Faulkner 1991:283) formed only for the duration of a single film or television project. And even when creative personnel are employed by a major studio or network, they are

"life-of-project" workers (Belous 1989), temporarily employed for the duration of a single production.

### ***Uncertainty, Reputation, and Efficient Institutional Arrangements***

The shift in Hollywood to project-based employment affected how potential employers gauged the value of creative personnel. Measuring the specific contributions of individual artists to the quality of an aesthetic object is inherently ambiguous, and in commercialized mass culture industries there is little consensus about what constitutes competence among creative personnel (Becker 1982; Hirsch 1972). As a result, the quality of their contributions is assessed post hoc, based on the commercial success of the products they produce (DiMaggio 1977). In film and television, the most tangible signal of a writer's future productivity is his or her association with prior successful projects (W. Bielby and D. Bielby 1994), and a career can be viewed as "a succession of temporary projects embodied in an identifiable line of . . . credits" (Faulkner and Anderson 1987:887).<sup>1</sup> In this kind of system, where skill and productivity are not easily measured, *reputation* is a signal of a professional's standing in the labor market (Powell 1990).

In addition to the uncertainty regarding assessments of competence and product quality, conflict between commercial and creative interests is a distinctive feature of culture industries (W. Bielby and D. Bielby 1994; DiMaggio 1977). Subcontracted production and the associated externalized employment relationship have been described as efficient responses to production under such conditions. Life-of-project employment contracts allow employers to quickly assemble personnel with highly specialized skills for a short period of time (Davis-Blake and Uzzi 1993; Gordon and Thai-Larsen 1969). Producers have no incentive to offer long-term contracts because informationally complex jobs are difficult to monitor, and while the skills provided by creative personnel might be project-specific, they are not firm-specific. As a re-

sult, skills and talent can be neither acquired nor tested through long-term employment (Faulkner and Anderson 1987:888–89).

According to DiMaggio (1977), the structural arrangement that economizes on the unique transaction costs incurred in matching creative personnel to specific projects is a "brokerage" system in which brokers establish reputations through repeated successes in matching artists to commercial projects (also see Williamson [1981] on transaction costs, and Hirsch [1972] and Peterson and White [1981] on culture industry systems). This conceptualization of culture industry labor markets provides an efficiency-based explanation for the role of talent agencies: Their brokerage activities allow markets to clear in a business context surrounded by ambiguity, risk, and uncertainty. As Gitlin (1983) notes, talent agencies are a "kind of solution" to the problem of uncertainty. "If agents did not exist," says Gitlin, "they would have to be invented" (p. 144).

### **PACKAGED CAREERS: THE EVOLVING ROLE OF TALENT AGENCIES**

Legally and technically, a talent agency is nothing more than a state-licensed employment agency. The agency finds work for a writer, actor, or director on a film or television project, and in exchange it receives a 10-percent commission from the client's earnings.<sup>2</sup> Hundreds of agencies represent artists in the film and television industry, and the majority operate exclusively in this manner. They trade on their ability to match artists with projects, and the way they function is consistent with the market imagery described above. A few agencies, however, operate differently: Instead of seeking out projects for their clients, they initiate

<sup>1</sup> Faulkner and Anderson (1987) analyzed careers in the film industry, but their definition is equally appropriate for careers in television.

<sup>2</sup> The 10-percent agency commission is regulated by the Artists' Manager Basic Agreement of 1976—an agreement between the Writers Guild of America and the Association of Talent Agents. No such agreement regulates commissions charged by personal managers or attorneys who represent writers, but under California labor codes only talent agencies can be licensed to procure employment for their clients (Cox 1996; Davis 1992; O'Steen 1995; Steinberg and Hazzard 1996).

projects on their own. They negotiate unique arrangements with the talent guilds and cultivate long-term relationships with those who finance, produce, and distribute new projects. Through strategic moves during times of structural change in the industry and aggressive actions to protect their unique market positions, these “core” agencies have amassed market power in both labor and product markets. Their power, in fact, rivals that of the major studios at the height of the studio system. For example, when it became apparent in the early 1950s that the major studios would not move into the business of supplying programs for network television, William Morris and MCA, the dominant talent agencies of that era, moved quickly to fill the void, packaging series directly for the networks or for the advertising agencies that supplied network programming (Bodec and Jaffe 1955; Gitlin 1983:147–48; Rose 1995).<sup>3</sup> We maintain that this kind of power segmented the labor market to the substantial advantage of those writers represented by core agencies.

### *The Origins of Packaging*

Core agencies shape the labor market for writers through a practice known as “packaging.” Rather than representing individual artists, the agency assembles an entire writing, producing, directing, and acting team for a project and presents it to a studio or network as a package. This practice originated in the early years of network television. When it became apparent that the major motion pic-

ture studios were not going to develop filmed programming for television, the William Morris Agency (WMA) capitalized on the opportunity to fill the void. WMA would develop the premise, format, cast, and the writing and producing team for a new series and offer it to a network or advertising agency. Instead of earning a 10-percent commission on the salaries of its clients, the agency would receive a packaging fee of 10 percent of the entire production budget for the series. By 1960, WMA alone had originated and packaged 26 of the series on the network schedule, and according to a November 1959 editorial in *TV Guide*, a handful of agencies controlled more than 40 percent of prime-time television (Rose 1995:192–235).

### *The Transformation of Packaging in the 1980s*

In feature film, agency packaging was relatively rare prior to 1980 and was generally viewed as an unacceptable business practice in the industry. That changed when Creative Artists Agency (CAA), under Michael Ovitz’s leadership, built a clientele of writers, actors, and directors that allowed the agency to shop studios, offering “take it or leave it” packages for film projects (Singular 1996). Ovitz’s strategy was emulated by the William Morris Agency, International Creative Management, and the other core agencies, which began developing film projects around their clients, much like the major studios did in an earlier era when writers, actors, directors, and producers were their salaried employees. Commenting on this transformation, one top industry director observed: “When I’m putting together a project, the only ‘yes’ I need is from one of seven or eight agents. If I get their support I know I can set up a deal anywhere in town” (Brennan and Marx 1993). In the 1980s, to obtain financing in the face of rising production costs, film producers came to rely even more heavily on projects with proven themes and “blockbuster” potential (Baker and Faulkner 1991), making it all the more important to sign the creative talent that only the packaging agencies could deliver (Baughman 1997).

Production costs for television were also rising rapidly in the early 1980s (Landro 1994; Robb 1992), creating a new opportu-

<sup>3</sup> MCA went a step further, seeking a blanket waiver from the agreement with the Screen Actors Guild that prohibited talent agencies from entering the business of television production. Guild president Ronald Reagan, an MCA client, signed the waiver in 1952. MCA was the only talent agency ever to receive a blanket waiver from the talent guilds, and according to Rose (1995:194–95), within two years MCA was earning more from the production and distribution of filmed television programming than from their agency business (also see *Forbes* 1965; Gitlin 1983:146–47). By 1962, MCA had become a major player in both film and television production, and faced with the threat of antitrust action by the Kennedy administration, the company abandoned the talent agency business altogether (Rose 1995:236–47).

nity for the large agencies that specialized in packaging to participate more directly in the profits generated by television projects. The Financial Interest and Syndication ("Fin-Syn") Rules, first implemented in the 1970s, placed strict limits on the amount of prime-time programming that could be produced by the networks themselves, so until those regulations were phased out in the 1990s most prime-time series were supplied by the television divisions of the major studios or by independent production companies. When the licensing fee paid by the network for an episode of a prime-time series is less than the producer's costs, the production company incurs a loss that can be recovered only if the series remains on the network schedule long enough to make it viable for eventual syndication (Cantor and Cantor 1992). While some prime-time series (especially 60-minute dramas) were incurring modest deficits in the 1970s, by the mid-1980s deficits were averaging over \$300,000 per episode (Robb 1992).

Taking advantage of the production companies' weakened economic position, the William Morris Agency developed a novel arrangement that other large agencies soon adopted. Under this arrangement, the agency waives commissions on clients' salaries and receives instead a packaging fee ranging from 3 percent to 5 percent of the licensing fee paid by the network to the series' producer. The agency typically receives half of the packaging fee up front and the remainder when the series becomes profitable. In addition, the agency receives 10 percent of all syndication sales ("backend profits"), if and when the series goes into off-network distribution (Johnson and Hontz 1997; Rose 1995; Singular 1996). Because for a successful series syndication sales can reach hundreds of millions of dollars, the agency's potential profit from syndication is many times the fee it earns for initially packaging the series.<sup>4</sup> By earning a share of syndication revenues,

<sup>4</sup> For a successful situation comedy that has a run of 100 episodes, packaging fees would total around \$2.4 million dollars. A hugely successful sitcom like "Seinfeld" or "Friends" can command as much as \$4 million dollars per episode in syndication, so for 100 episodes, the agency's revenue could reach \$400 million (Johnson and Hontz 1997).

the large agencies have, in effect, positioned themselves as profit participants in television production while bearing none of the upfront financial risks. By the mid-1980s, Creative Artists Agency (CAA), which was formed in 1975 by five of WMA's top packaging agents, had become the dominant force in television packaging. By the mid-1990s, CAA alone was responsible for packaging about one-third of all prime-time series on the network schedule, while WMA, International Creative Management (ICM), and a few other agencies had a major presence as well (T. Johnson 1996a; Rodman 1990; Sharkey 1996; Singular 1996).

### *Packaging, Markets, and Conflict of Interest*

A potential conflict of interest arises as agency earnings become tied more closely to the profitability of a series than to their clients' earnings. For example, if a client's salary or creative demands are perceived to threaten the commercial viability of a project, the agency has an incentive to allow that person to be replaced by a different client represented by the agency rather than to negotiate the best possible deal on behalf of the original client. A prominent personal manager in the industry observes: "If you control both sides, where is the agenting? For all intents and purposes, you are negotiating with yourself" (*Hollywood Reporter* 1993:8). In effect, as one industry analyst suggests, "the agents are becoming the principals" (Hettrick 1994:18; also see Barnouw 1962:29).

This potential conflict of interest affects writers directly. An agency's clientele of writers is the base on which packaging is built because the ideas for new film projects and television series originate with writers and writer-producers (Grover 1993; T. Johnson 1996a). In his analysis of the William Morris Agency, Rose (1995:435-37) describes the agency's priorities in developing a writer's material into a film or television project. Top priority is given to other WMA clients (directors and actors) who are looking for material, and to independent producers who are considered to be aligned with the agency. Next in priority are independent producers who are considered neutral and who will do business with any agency. Lowest

priority is given to clients of other agencies who are looking for material, and to producers who are closely allied with competing agencies. Indeed, according to Rose, it would be rare for a former WMA client who had joined CAA or a producer aligned with CAA to get a meeting to discuss the material of a writer represented by William Morris. The agency's philosophy is that "if some producer was going to let [rival agency] CAA negotiate a studio deal for him, let CAA come up with the material" (Rose 1995:436).

Trade-paper accounts of competition among the elite agencies for the most highly valued clients, projects, and agents themselves suggest that WMA's counterparts in the industry follow similar strategies (R. Johnson 1997; Singular 1996).<sup>5</sup> Each of the large packaging agencies employs individuals who specialize in packaging projects for specific networks and production companies, and it is not unusual to hear that an agent has one or more production companies as "franchises" (Rosenfeld 1987). Thus, representation by an elite agency provides a writer with direct access to the dense network of recurrent contracting that defines the market for film and television projects (Faulkner and Anderson 1987), but not to the network in its entirety. Such representation gives a writer a distinct and substantial advantage in having his or her material pitched within the agency's extended web of business connections, but at the same time the likelihood of the material being considered for projects packaged by a competing agency is virtually zero.

Although a large agency's interests may at times be at odds with its clients, the career prospects of a writer represented by an agency holding the power to initiate new projects are likely to be substantially better than those of an equally capable writer with

an agency lacking that capacity. Responding to this reality, it has been increasingly common in recent years for smaller agencies to merge in order to compete effectively with the dominant packagers. Commenting in 1992 on the merger trends among agencies, Joe Roth, then chairman of Twentieth Century Fox (later chairman at Disney, where he reported to Michael Ovitz) observed:

This indicates what agents are finding out all around—that talent doesn't care about a lack of conflict of interest. The stars don't give a shit about conflict of interest . . . They're looking for the biggest gorilla that will help them hold a line against the studio. This is a scary time for everyone. And everyone wants to go with the strongest foot. (*New Yorker* 1992:37)

The packaging practices described above are not easily reconciled with market-based accounts of brokerage structures as efficient solutions for economizing on transaction costs in a labor market characterized by uncertainty and post hoc assessments of quality. They are more readily understood from a perspective that views core agencies as uniquely situated within intersecting networks of creative professionals (writers, actors, directors, etc.), who seek on the one hand to affiliate with projects, and on the other hand to affiliate with social actors (studios, broadcast networks, independent producers, etc.), who can provide the resources for new projects (cf. Baker and Faulkner 1991). The network of social actors defines a structure of opportunity for creative professionals, most of whom are highly constrained in their capacity to access this structure. Core agencies have almost exclusive access to portions of this structure, and their clients have a competitive advantage even if the principal/agent relationship fails to conform to the pure microeconomic model of agency brokerage. Thus, creative professionals may benefit greatly from a core agency's capacity to provide access to opportunities, even if the agency is simultaneously representing the interests of both buyers and sellers of creative talent.

A direct test of the efficiency-based models of brokerage versus a model that emphasizes core agencies' structural power (power accruing from their positional capacity to provide direct access to new projects) would

<sup>5</sup> Headlines like the following are typical of *Variety's* coverage of competition among talent agencies: "ITA Implosion Triggers Small-Agency Fallout" (October 19, 1992); "Ten Percenters' Tiff Takes Off" (April 12, 1993); "Ten-Percenters in Turmoil: After Mergers, Agencies Vie for Talent; Will Stars Realign?" (June 28, 1993); "Partners Get Chewed in UTA's Family Feud" (January 16, 1995); and "Poaching Piques Percenters: Agents Get Ugly Over A-List Defections" (October 24, 1995).

require empirical data on networks among creative professionals, among the social actors who can provide resources to initiate new projects, and on the projects themselves and whether each was packaged by a core agency. Unfortunately, these data are not available for television and film writers.<sup>6</sup> However, from the competing theoretical accounts already described we can derive hypotheses about patterns of agency representation, earnings, and employment, and we can test those hypotheses using empirical data on writers' careers. Thus, while our data are one step removed from the specific social networks and projects that define writers' careers, they do provide a means to indirectly test which model of culture industry labor markets is more consistent with the observable employment and earnings trajectories of film and television writers.

## HYPOTHESES

Our first hypothesis regards the consequence for writers' careers of type of agency representation. If agency representation functions primarily to certify and signal a writer's reputation, then *prior career success* should largely explain why writers represented by core agencies fare better in the labor market than do writers who lack such representation. In contrast, if *core representation* represents a kind of agency market power that provides exclusive access to newly packaged projects, then clients of core agencies should fare substantially better in the labor market than do writers with comparable track records but who lack such representation. Our research,

then, differentiates between agencies with the capacity to package new projects ("core" representation) and those that do not ("noncore" representation). We test the following hypothesis:

*Hypothesis 1:* Controlling for past career success, writers represented by core agencies have substantially better prospects for employment and higher earnings than do writers represented by noncore agencies.

If core agencies have the power to package their clients in new projects regardless of a client's past successes, then the impact of prior career success on employment and earnings should be weaker for clients of core agencies than for writers who lack such representation. Accordingly, we hypothesize:

*Hypothesis 2:* The effect of prior career success on employment and earnings will be smaller for writers with core agency representation than for writers who lack such representation.

Finally, the labor market inequalities in the film and television industries generated by differences in types of agency representation may not be neutral with respect to gender, race, and age. Previous research shows that the vast majority of writing for television and feature film is done by white males and that women writers earn significantly less than men throughout their careers (D. Bielby and W. Bielby 1996; W. Bielby and D. Bielby 1992, 1993). Moreover, the expansion of packaging practices by elite agencies coincides with a period in which the earnings of writers in their forties and fifties eroded relative to their younger counterparts (D. Bielby and W. Bielby 1993). If women writers, minority writers, and older writers are less likely than young white males to have core agency representation (or any representation at all), then the packaging practices of talent agencies may contribute substantially to creating and sustaining stratification by gender, race, and age in the entertainment industry. Accordingly, our models test a third hypothesis:

*Hypothesis 3:* Type of agency representation (none, core, and noncore) mediates differences by gender, minority status, and age in employment and earnings.

<sup>6</sup> Other research has relied on motion picture credits to analyze project-based careers and social networks among creative professionals (Baker and Faulkner 1991; Faulkner and Anderson 1987). However, credit data are available only for film and television projects that are completed and distributed, whereas most of the projects for which writers receive compensation are never produced (e.g., television series pilots developed by studios but not selected by the networks, and script treatments, rewrites, or screenplays for films that are never produced). For example, in 1990 nearly 1,600 writers received compensation for work on feature film projects, yet fewer than 200 feature films were released that year by U.S.-based studios (W. Bielby and D. Bielby 1993).



## DATA, MEASURES, AND MODELS

The data for our study describe the employment and earnings trajectories of 8,819 film and television writers who were employed at least once during the period from 1982 through 1992. These data are from the employment and membership records of the Writers Guild of America, West (WGAW). Each quarter, Guild members report their earnings from all employment covered by the WGAW's major collective bargaining agreement with producers. Because the overwhelming majority of producers are signatory to the agreement, these earnings declarations cover nearly all writing for television and feature films produced in Hollywood. We have information on agency representation for 1987, 1990, and 1992, and our analyses apply to employment and earnings during each of these three years.<sup>7</sup>

For employment, our pooled cross-section time-series specification is a logistic regression of the form:

$$L_{it} = a + b_1X_i + b_2W_{it} + d_t, \quad (1)$$

where  $L_{it}$  is the log odds of employment as a writer in film or television for the  $i$ th individual in year  $t$ . Attributes of individuals that do not vary over time (e.g., gender, minority status) are included in  $X_i$ , and individual traits that vary over time (e.g., prior years' earnings, years of experience, type of agency representation) are included in  $W_{it}$ . The term  $d_t$  captures year-specific effects on employment.

For earnings, the specification is:

$$Y_{it} = a + g_1X_i + g_2W_{it} + d_t + e_{it}, \quad (2)$$

where  $Y_{it}$  is earnings for the  $i$ th individual in year  $t$ , and the disturbance,  $e_{it}$ , is assumed to have a mean of 0 and constant variance and

to be uncorrelated with the other independent variables.

We estimate two versions of equation 2. The first version assumes that the specification applies to employed writers and is estimated by ordinary least squares applied to the subset of writers with nonzero earnings in a given year. The second is a censored regression (tobit) model. Under this specification,  $Y_{it}$  is replaced with  $Y_{it}^*$ , a latent variable or "index function" that applies to all writers, both employed and unemployed, in a given year. For employed writers,  $Y_{it}^* > 0$  and the latent variable equals observed earnings ( $Y_{it} = Y_{it}^*$ ). The latent equals 0 or is negative for unemployed writers, and the observed earnings measure equals 0 when  $Y_{it}^* \leq 0$ .

Minority status and gender are represented by binary variables coded 1 for minority (African American, Chicano/Latino/Hispanic, or Asian/Asian American) and female writers, respectively. Work experience is measured as years of membership in the WGAW, and both linear and quadratic terms are included in our models. Age is measured by six binary variables for the following seven age categories: under 30 (reference category), 30–39, 40–49, 50–59, 60–64, 65 and older, and age not known.<sup>8</sup> Year effects are captured by binary variables for 1990 and 1992; 1987 is the reference category.

Prior career success in a given year is measured by the writer's cumulative earnings from work in film and television over the previous four years, captured by eight binary variables for the following nine income categories: no earnings (reference category); \$1–\$5,000; \$5,001–\$10,000; \$10,001–\$25,000; \$25,001–\$50,000; \$50,001–\$100,000; \$100,001–\$200,000; \$200,001–\$500,000; and more than \$500,000. We use this parameterization of lagged earnings instead of a dollar or log-dollar metric to allow for the possibility of nonlinearities. Given the premium placed on "fresh new talent" in an industry with dense and relatively closed social networks, a writer who has not worked at all in the industry (and thus has zero earn-

<sup>7</sup> A complete description of how these data were collected, and their validity and reliability appears in *The 1993 Hollywood Writers' Report* (W. Bielby and D. Bielby 1993:5–9, app. 2). Excluded from the statistical analysis are data from 1987 for about 200 writers for whom data on agency representation and employment were not reliable. These writers were classified as "in arrears" (delinquent in paying their dues), and it appears that agency information was not systematically included in the membership records for these writers.

<sup>8</sup> Data on age are not available for approximately 6 percent of the observations. Representing curvilinear age effects by a series of dummy variables (including "age NA") instead of linear and quadratic terms allows us to retain these observations in our analyses.

ings over the prior four years) actually may fare better in the labor market than someone who has been employed at the margins (D. Bielby and W. Bielby 1993, 1996; W. Bielby and D. Bielby 1992). At the same time, more so than in most industries, "success breeds success," so it is almost certainly the case that writers who have earned hundreds of thousands of dollars over the prior four years will have much better access to those with the power to initiate and finance new projects than will writers with more modest earnings (W. Bielby and D. Bielby 1994).

Controlling for prior career success is especially important in assessing the impact of agency representation. The elite agencies pursue the most successful and sought-after writers as clients, and an agency may drop a writer if it perceives that she or he has poor earnings prospects (Rose 1995). Accordingly, we estimate the net impact of agency representation *among writers of comparable age, years of industry experience, and record of prior career success*. Because the market value of prior industry employment depreciates rapidly (D. Bielby and W. Bielby 1993), our measure of prior career success ignores earnings from work in television and film more than four years in the past.<sup>9</sup>

Agency representation is measured with two binary variables. The first variable is coded 1 if the writer has any kind of agency representation, and 0 otherwise. The second is coded 1 if the writer is represented by a core agency, and 0 if the writer has any other kind of representation (or no representation at all). Under this coding scheme, the coefficient of the first variable is the effect of noncore representation, and the coefficient for the second is the additional effect of core representation over and above the effect of

noncore representation. The core agencies include the 10 largest in 1987 and 1990 (as measured by the number of WGAW writers represented by the agency), and the 8 largest in 1992. They also include 6 small but specialized and high-profile "boutique" agencies in 1988 and 1992, and 7 boutique agencies in 1990. The number of agencies we have classified as "core" changes slightly from year to year because of mergers and dissolutions, but in each year we have identified those that are clearly recognized by participants in the industry and in the industry press as having the clientele and business connections to initiate and package new film and television projects (Blum and Lindheim 1987).<sup>10</sup>

We estimate logistic regression models for the probability of being employed in three steps. Model 1 is a baseline model that controls for year, age, experience, gender, and minority status. Model 2 adds the binary variables for type of agency representation, and Model 3 adds the binary variables that measure earnings in the previous four years.

We use a similar strategy to estimate the determinants of earnings for employed writers. In addition to the variables included in the logistic regressions, the OLS earnings models include two binary variables to denote whether a writer is employed exclusively in film in a given year, or employed in both film and television. The reference category is employment exclusively in television.

## FINDINGS

### *Descriptive Statistics*

Descriptive statistics by type of agency representation are reported in Table 1. In each

<sup>9</sup> Using data from 1990 and 1992, we examined whether there was any impact of prior earnings lagged five to eight years, net of earnings for the prior four years. We found no significant effects on the probability of employment. In the tobit model for earnings capacity, only the top category (earnings of more than \$500,000 in years  $t - 8$  through  $t - 5$ ) had a positive lagged effect. All the other effects were either nonsignificant or negative. Moreover, adding lagged earnings in years  $t - 8$  through  $t - 5$  changed the estimates of the effect of agency representation by no more than 5 percent.

<sup>10</sup> Our coding scheme assumes a dichotomous segmentation of agencies into core and noncore sectors. In preliminary analyses, agency representation was measured with four dummy variables based on size (number of writers represented): small, medium, large, and very large, with a fifth dummy variable for "boutique" agencies. Those analyses consistently showed little or no differences between small and medium agencies or among large, very large, and boutique agencies, but substantial differences between the small and medium agencies on the one hand and the large, very large, and boutique agencies (i.e., the agencies we classify as "core") on the other.

**Table 1. Employment, Earnings, and Demographic Traits of Screenwriters by Type of Agency Representation: 1987, 1990, and 1992**

Year and Type of Representation	N	Percentage of Writers Who Are:							Employed Writers' Median Earnings
		Employed	Employed in:		Female	Minority	Age ≥50	Median Years of Experience	
			Film	TV					
<i>1987</i>									
All writers	6,408	55	21	41	21	3	31	9	\$44,000
Writers with core representation	1,948	91	37	68	20	1	20	8	\$75,000
Writers with noncore representation	1,103	84	36	60	22	2	22	7	\$34,392
Writers without representation	3,357	24	7	19	22	4	40	10	\$18,200
<i>1990</i>									
All writers	7,376	52	22	38	23	4	29	9	\$58,000
Writers with core representation	2,908	72	31	53	21	3	21	9	\$94,264
Writers with noncore representation	1,698	54	25	37	24	3	30	9	\$34,965
Writers without representation	2,770	30	10	23	23	5	36	10	\$20,996
<i>1992</i>									
All writers	7,892	47	19	34	23	4	29	10	\$58,553
Writers with core representation	2,851	68	29	49	22	4	20	9	\$100,000
Writers with noncore representation	2,051	47	21	33	24	4	30	10	\$37,600
Writers without representation	2,990	27	8	20	24	5	37	11	\$24,000

year, less than one-third of the writers who lack agency representation find employment. In 1987, most writers with representation were employed, regardless of type of representation. However, employment prospects for writers changed dramatically in the 1990s, and type of representation became much more consequential. In both 1990 and 1992, about one-half of the writers with noncore representation were employed, compared to about 70 percent of those with core representation. Of course, this difference could be attributable to characteristics of the writers represented by core and noncore agencies (like industry track record) and not to the impact of type of representation per se. Our multivariate analyses test whether this is indeed the case.

Median earnings for employed writers differs dramatically by type of agency rep-

resentation in each of the three years. Employed writers with noncore representation are compensated at least 50 percent more than those with no representation, while employed writers represented by the elite core agencies earn (at the median) more than double the amount paid to clients of noncore agencies. In each year, the median earnings of employed writers represented by core agencies is over four times that of writers with no representation. Of course, writers with substantial earnings potential are likely to find it easier to secure representation by elite agencies than are writers who are just breaking into the industry or whose most productive years are behind them. Our multivariate analyses calibrate the effect of type of agency representation after taking into account differences in writers' experience and earnings capacity.

**Table 2. Coefficients from the Logistic Regression of Probability of Employment: Screenwriters, 1987, 1990, and 1992**

Independent Variable	Model 1		Model 2		Model 3		Mean
	Logistic Coefficient	Exponentiated Coefficient	Logistic Coefficient	Exponentiated Coefficient	Logistic Coefficient	Exponentiated Coefficient	
Intercept	1.008***	2.74	.097	1.10	.092	1.10	—
<i>Year</i>							
1990	-.180***	.84	-.484***	.62	-.467***	.63	.344
1992	-.381***	.68	-.698***	.50	-.838***	.43	.368
<i>Age</i>							
30 to 39	-.279***	.76	-.220**	.80	-.385***	.68	.296
40 to 49	-.681***	.51	-.519***	.59	-.603***	.55	.323
50 to 59	-1.125***	.32	-.821***	.44	-.649***	.52	.144
60 to 64	-1.402***	.25	-1.030***	.36	-.673***	.51	.049
65 and over	-2.052***	.13	-1.581***	.21	-1.043***	.35	.084
Not known	-1.094***	.33	-.663***	.52	-.199	.82	.055
<i>Experience</i>							
Years of experience	.017***	1.02	.001	1.00	-.121***	.89	11.559
Years of experience squared	-.001***	1.00	-.000	1.00	.002***	1.00	246.679
Female	-.230***	.79	-.184***	.83	-.065	.94	.224
Minority	-.317***	.73	-.168*	.85	.060	1.06	.039
<i>Agency Representation</i>							
Any representation	—	—	1.339***	3.82	.876***	2.40	.585
Core representation	—	—	.733***	2.08	.226***	1.25	.359
<i>Earnings from Previous Four Years</i>							
\$1 to \$5,000	—	—	—	—	-.173***	.84	.096
\$5,001 to \$10,000	—	—	—	—	.087***	1.09	.088
\$10,001 to \$25,000	—	—	—	—	.573***	1.77	.089
\$25,001 to \$50,000	—	—	—	—	1.157***	3.18	.089
\$50,001 to \$100,000	—	—	—	—	1.809***	6.10	.134
\$100,001 to \$200,000	—	—	—	—	2.329***	1.27	.098
\$200,001 to \$500,000	—	—	—	—	3.373***	29.17	.048
\$500,001 or more	—	—	—	—	4.516***	91.45	.044
-2 Log-likelihood	28,185		24,567		19,373		

Note: N = 21,464 observations for 8,819 writers.  
\*p < .05      \*\*p < .01      \*\*\*p < .001 (two-tailed tests)

The majority of writing for film and television is done by white males, and thus white men dominate the clienteles of both core and noncore agencies (as well as the ranks of writers without agency representation). By the early 1990s, the gender and racial composition of clients of core and noncore agencies were almost identical—just under one-

fourth were female, and 3 to 4 percent were minority writers. In each year examined, writers age 50 and older are less likely than younger writers to be represented at all or to be represented by core agencies, and our multivariate models assess whether type of agency representation mediates the earnings gap between younger and older writers.

**Table 3. OLS Regression Coefficients from the Analysis of Earnings (Measured in Dollars): Employed Screenwriters, 1987, 1990, and 1992**

Independent Variable	Model 1	Model 2	Model 3
Intercept	35,950***	1,241	29,198***
<i>Year</i>			
1990	28,632***	26,718***	18,907***
1992	33,861***	33,099***	11,762**
<i>Age</i>			
30 to 39	-5,417	820	-12,790*
40 to 49	-18,559*	-5,859	-14,317*
50 to 59	-54,345***	-34,093***	-24,585**
60 to 64	-58,697***	-33,939**	-17,541
65 and over	-56,778***	-26,785*	-5,475
Not known	-30,458**	-11,034	-1,268
<i>Experience</i>			
Years of experience	8,326***	7,001***	-1,381*
Years of experience squared	-171***	-149***	12
Female	-19,573***	-18,705***	-8,166*
Minority	-1,866	-1,022	11,521
Employed in film	40,915***	39,377***	40,711***
Employed in TV and film	21,245***	17,151**	4,936
<i>Agency Representation</i>			
Any representation	—	4,562	-8,462*
Core representation	—	57,887***	23,035***
<i>Earnings from Previous Four Years</i>			
\$1 to \$5,000	—	—	-9,421
\$5,001 to \$10,000	—	—	-8,121
\$10,001 to \$25,000	—	—	-4,526
\$25,001 to \$50,000	—	—	183
\$50,001 to \$100,000	—	—	16,239*
\$100,001 to \$200,000	—	—	39,088***
\$200,001 to \$500,000	—	—	85,387***
\$500,001 or more	—	—	226,655***
R <sup>2</sup>	.057***	.085***	.246***

Note: N = 11,061 observations for 5,719 employed writers

\* $p < .05$  \*\* $p < .01$  \*\*\* $p < .001$  (two-tailed tests)

### Multivariate Results: Effects of Agency Representation

Table 2 reports the results of the logistic regression of the probability of employment for writers who are active members of the WGAW. To facilitate interpretation, in addition to reporting the logistic coefficients (ad-

ditive effects in a log odds metric), we also report the exponentiated coefficients, which are multiplicative effects in an odds-ratio metric. Model 2 shows that having agency representation increases the log odds of employment by 1.339 (holding constant year, age, gender, race, and experience), while core representation improves prospects even

further, by an additional .733 (again, the coefficient for core agency representation is the *incremental* advantage to such representation; the overall effect of having core representation relative to no representation is the sum of the two coefficients,  $1.339 + .733 = 2.072$ ). These are substantial effects. Compared to writers with no representation, the odds of employment are nearly four times greater for writers with noncore representation (exponentiated coefficient of 3.82), and the odds are doubled again for writers with core representation (exponentiated coefficient of 2.08).<sup>11</sup>

Model 3 adds controls for income over the previous four years. It shows a substantial effect of having agency representation, even when comparing writers with similar levels of prior earnings, although the incremental effect of core representation over noncore representation is not nearly as large. Compared to writers with no representation but with comparable earnings over the previous four years, noncore representation more than doubles the odds of employment. Core representation increases the odds of employment by another 25 percent, consistent with Hypothesis 1.<sup>12</sup>

Both OLS regression, applied to the subset of employed writers, and tobit analysis, applied to all writers, were estimated to assess the relationship between agency representation and earnings capacity. Table 3 presents the OLS regression coefficients, which should be interpreted with caution because they are vulnerable to selection bias (Greene

1997:962–64). The coefficients suggest that among employed writers, no earnings premium is associated with representation by a noncore agency but a substantial premium is associated with core representation. Employed writers with core representation earn over \$50,000 more than do employed writers who have similar demographic traits and years in the industry but who have noncore agency representation or no representation at all (Model 2). When comparing writers with similar track records (as measured by total earnings over the previous four years), a premium of over \$20,000 is associated with core representation (Model 3).<sup>13</sup>

The tobit analyses presented in Table 4 are based on data on writers' employment (for all writers) and earnings (for employed writers). The analysis assumes that the employment and earnings are generated by a single underlying mechanism that applies to the entire population of writers (not just to employed writers). The tobit specification models the earnings capacity of every writer, which is unobserved for unemployed writers and equals observed earnings for employed writers. Because tobit estimation produces a single vector of coefficients, it implicitly assumes that the independent variables have the same relative effects on both the probability of being a noncensored observation (i.e., employed) and on measured earnings.<sup>14</sup>

<sup>13</sup> Supplementary analyses replicated the OLS regressions reported in Table 3 but used log earnings as the dependent variable. Under that specification, a small premium is associated with noncore representation ( $b = .065$ ) and a substantial additional premium ( $b = .391$ ) associated with core representation. Evaluated at median earnings for employed writers, the coefficient of .391 for core representation translates into a premium of about \$28,000.

<sup>14</sup> The log-likelihood function maximized by the tobit model is a mixture of continuous and discrete distributions and has two additive components. The first is the classical regression likelihood function for noncensored observations, and the second is the classical probit likelihood function for censored observations (Greene 1997:965–66). Tobit coefficients can be decomposed into one portion attributable to effects on the measured dependent variable for noncensored observations, and another portion attributable to variation in the probability of being a censored observation (McDonald and Moffitt 1980;

<sup>11</sup> In a probability metric evaluated at  $p = .30$  (the probability of employment for a nonrepresented writer in 1990), the effect of noncore agency representation versus no representation is .32 (i.e., increasing the probability of employment from .30 to .62), and the effect of core representation is .47 (i.e., increasing the probability of employment from .30 to .77). These effects are roughly comparable to the bivariate order associations between agency representation and employment reported in Table 1.

<sup>12</sup> In a probability metric (evaluated at  $p = .30$ ), the effect of noncore agency representation versus no representation is .21, and the effect of core representation versus no representation is .26. These are net effects, pertaining to writers who have comparable track records over the previous four years.

**Table 4. Maximum-Likelihood Tobit Coefficients from the Analysis of Earnings (Measured in Dollars): Employed and Unemployed Screenwriters, 1987, 1990, and 1992**

Independent Variable	Model 1	Model 2	Model 3
Intercept	6,989	-105,875***	-76,463***
<i>Year</i>			
1990	6,287	-9,041*	-2,682
1992	-8,612*	-20,704***	-25,427***
<i>Age</i>			
30 to 39	-22,069**	-10,222	-31,017***
40 to 49	-61,343***	-32,102***	-37,543***
50 to 59	-126,659***	-75,428***	-46,757***
60 to 64	-160,497***	-96,909***	-46,237***
65 and over	-225,214***	-142,222***	-66,013***
Not known	-110,513***	-50,564***	-9,238
<i>Experience</i>			
Years of experience	6,852***	4,675***	-7,872***
Years of experience squared	-150***	-111***	127***
Female	-35,886***	-29,109***	-12,619***
Minority	-30,473**	-15,728	6,809
<i>Agency Representation</i>			
Any representation	—	110,616***	45,696***
Core representation	—	89,463***	23,726***
<i>Earnings from Previous Four Years</i>			
\$1 to \$5,000	—	—	-13,186
\$5,001 to \$10,000	—	—	9,751
\$10,001 to \$25,000	—	—	42,923***
\$25,001 to \$50,000	—	—	81,439***
\$50,001 to \$100,000	—	—	123,517***
\$100,001 to \$200,000	—	—	163,058***
\$200,001 to \$500,000	—	—	232,966***
\$500,001 or more	—	—	394,306***
Scale factor	207,755	195,285	163,705
-2 Log-likelihood	314,610	311,551	305,140

Note: N = 21,464 observations for 8,819 writers.

\* $p < .05$  \*\* $p < .01$  \*\*\* $p < .001$  (two-tailed tests)

The tobit coefficients can be interpreted as effects on earnings capacity measured in a dollar metric.<sup>15</sup>

Unlike the OLS estimates reported in Table 3, the tobit estimates reported in Table

Roncek 1992). In our data, evaluated at the mean of the independent variables, the relative proportions are approximately 40 percent from variation in earnings for noncensored observations and 60 percent from variation in the probability of being a censored observation.

<sup>15</sup> Under this model, earnings capacity, a latent

4 show a large and significant net effect of noncore agency representation on earnings capacity. The discrepancy between Tables 3 and 4 is attributable to the fact that noncore

variable, can take on negative values, whereas measured earnings cannot. The probability of a writer's employment falls as the value of the latent variable becomes increasingly negative. However, the tobit specification does not imply that the writer actually experiences a negative cash flow in pursuing the craft of screenwriting when the latent variable takes on a negative value.

representation has a substantial impact on the likelihood of being employed (see Table 2), which, of course, contributes to a writer's earnings capacity. This dimension of the monetary return to noncore representation is ignored in the OLS estimates but is captured by the tobit estimates. According to Model 2 in Table 4, among writers with similar demographic traits and years of industry experience, the earnings capacity of writers with noncore representation exceeds that of unrepresented writers by nearly \$111,000, and according to Model 3 the premium is over \$45,000 after prior track record is controlled. Consistent with Hypothesis 1, the additional premium attributable to core representation is statistically significant and substantial: Earnings capacity for writers with core representation is approximately \$24,000 greater than that for similarly situated writers with noncore representation (i.e., compared to writers who have the same demographic traits, years of experience, and lagged earnings, but who are represented by noncore agencies).

Table 5 reports the results of our test of Hypothesis 2: Are the effects of prior career success on employment and earnings smaller among writers with core agency representation than among writers without core representation? We test this hypothesis by adding eight multiplicative interaction terms (core agency representation  $\times$  each of the eight binary variables representing lagged earnings) to the logistic regression model for employment and the tobit model for earnings capacity. Both models in Table 5 support our hypothesis: The chi-square tests for interaction are statistically significant, and the parameter estimates show that the effect of lagged earnings on employment is weaker among writers who have core agency representation than among writers who lack such representation. In the logistic regression model for employment, exponentiated coefficients for the interaction terms range from approximately .66 to .75, indicating that the magnitude of the effect of prior career success is one-fourth to one-third lower among writers with core representation. In the tobit model for earnings capacity, effects of lagged earnings are approximately \$40,000 to \$50,000 lower among writers with core representation.

Additionally, the negative interaction terms reported in Table 5 indicate, not surprisingly, that the premium associated with core representation is greatest among writers who have no track record in the industry in the previous four years. In short, the reputation that comes from recent career success has a smaller impact on employment and earnings capacity among writers with core agency representation than among other writers, and the greatest benefits from core representation accrue to writers who have no such record to signal their potential contributions. In other words, to some extent recent career success and core agency representation are complementary signals in the labor market. A new writer, or one who has not worked in years, can jumpstart a career by gaining representation from one of the core packaging agencies.

### ***Multivariate Results: Gender, Race, Age, and Agency Representation***

Model 1 in Table 2, the "reduced form" model for the analysis of writers' employment, shows strong effects of gender, race, and age. Compared to males with similar years of experience, the odds of employment for women are 21 percent lower (exponentiated coefficient equals .79); compared to whites, the odds of employment for minority writers are 27 percent lower; and the probability of finding employment decreases monotonically with age. Adding agency representation to the model reduces the gender coefficient by about one-fifth and the race coefficient by almost one-half, and reduces the age coefficients by no more than one-third. However, as Model 2 does not control for prior earnings, it provides upper bounds to the mediating effect of agency representation. The effects of gender and race on employment are fully mediated when lagged earnings are added to the model (Model 3). However, the effects of age on employment remain substantial, even controlling for agency representation and lagged earnings. Compared to writers under 30 with comparable track records over the previous four years, the odds of employment are nearly 50 percent lower for writers in their forties, fifties, and early sixties (exponentiated coefficients of .55, .52, and .51, respectively). The emphasis on fashionable



**Table 5. Test of Interaction of Core Representation with Lagged Earnings on Regressions of Employment and Earnings Capacity**

Independent Variable	Employment (Logistic Regression)		Earnings Capacity (Tobit Regression)
	Logistic Coefficient	Exponentiated Coefficient	Tobit Coefficient
Intercept	.010	1.01	-86,886***
<i>Year</i>			
1990	-.476***	.62	-3,370
1992	-.849***	.43	-26,418***
<i>Age</i>			
30 to 39	-.371***	.69	-29,056***
40 to 49	-.591***	.55	-35,840***
50 to 59	-.640***	.53	-45,585***
60 to 64	-.666***	.51	-45,588***
65 and over	-1.041***	.35	-65,399***
Not known	-.194	.82	-8,242
<i>Experience</i>			
Years of experience	-.120***	.89	-7,760***
Years of experience squared	.002***	1.00	125***
Female	-.063	.94	-12,492***
Minority	.065	1.07	7,052
<i>Agency Representation</i>			
Any representation	.862***	2.37	42,666***
Core representation	.531***	1.70	62,489***
<i>Earnings from Previous Four Years (Lagged)</i>			
\$1 to \$5,000	-.091	.91	-5,301*
\$5,001 to \$10,000	.220*	1.25	23,031***
\$10,001 to \$25,000	.691***	2.00	54,720***
\$25,001 to \$50,000	1.301***	3.67	96,037***
\$50,001 to \$100,000	1.910***	6.75	136,072***
\$100,001 to \$200,000	2.455***	11.64	177,869***
\$200,001 to \$500,000	3.431***	3.90	252,602***
\$500,001 or more	4.659***	105.48	406,254***
<i>Core Representation × Earnings from Previous Four Years (Lagged)</i>			
\$1 to \$5,000	-.331	.72	-28,277
\$5,001 to \$10,000	-.521**	.59	-50,990**
\$10,001 to \$25,000	-.455***	.63	-43,756***
\$25,001 to \$50,000	-.527***	.59	-51,040***
\$50,001 to \$100,000	-.371**	.69	-43,071***
\$100,001 to \$200,000	-.422**	.66	-46,653***
\$200,001 to \$500,000	-.265	.77	-52,047***
\$500,001 or more	-.408	.66	-39,993***
Chi-square test for interaction	26.346***		43.431***
Number of observations	21,464		21,464
Scale factor	—		163,713
-2 Log-likelihood	19,346		305,097

\*  $p < .05$     \*\*  $p < .01$     \*\*\*  $p < .001$  (two-tailed tests)

styles in a culture industry that places a premium on reaching a youthful audience places older writers at a substantial disadvantage in finding employment, even when they have agency representation and recent track records comparable to their younger colleagues (D. Bielby and W. Bielby 1993).

The tobit estimates reported in Table 4 show a similar pattern regarding the extent to which agency representation mediates differences in earnings capacity by gender, minority status, and age. Overall, controlling only for demographic traits and years of industry experience (Model 1), earnings capacity decreases monotonically and substantially with age, while minority and women writers have an estimated earnings capacity of approximately \$30,000 to \$35,000 lower than writers with otherwise identical demographic traits and years of industry experience.

Substantial age differences in earnings capacity persist after controlling for both agency representation and lagged earnings (Model 3). Earnings capacity for writers in their thirties and forties lags behind that of writers under age 30 who have comparable track records over the previous four years and similar kinds of agency representation by more than \$30,000. The disadvantage in earnings capacity increases to nearly \$50,000 for writers in their forties and fifties, and to more than \$65,000 for writers in their sixties. The payoff for *recent* success is substantial, though, as can be seen from the coefficients representing the upper end of the lagged earnings distribution in Tables 2 (coefficients ranging from 2.329 to 4.516 for lagged earnings greater than \$100,000) and Table 4 (coefficients ranging from over \$160,000 to nearly \$400,000 for lagged earnings greater than \$100,000). But beyond that, longevity in the industry is a disadvantage: In both the employment and earnings analyses, more years of industry experience is associated with lower levels of career success, net of lagged earnings.

The net disadvantage faced by minority writers is mediated fully by agency representation and track record (comparing Models 1 and 3 in Table 4),<sup>16</sup> whereas about one-third

of the overall net disadvantage experienced by female writers remains unmediated. The gender disadvantage of nearly \$13,000 in Model 3 is consistent with a labor market dynamic described elsewhere as "continuous disadvantage" (W. Bielby and D. Bielby 1992), in which women writers face barriers to full participation in the industry at every stage of their career, regardless of their prior career success.

## DISCUSSION AND CONCLUSIONS

It is often said about the entertainment industry that "you're only as good as your most recent hit." The results reported in Tables 2 through 5 provide strong support for this truism. Net of a writer's earnings over the previous four-year period, length of industry experience has a strong *negative* effect on both employment and earnings capacity.<sup>17</sup> If anything, years of experience in the industry is a disadvantage to sustaining a career (as is advancing age). At the same time, the strong positive effect of lagged earnings over the prior four years (especially among writers who lack core agency representation) emphatically supports the generalization that "success breeds success" in the short run.

These findings are fully consistent with theorizing on the nature of culture industry markets (Baker and Faulkner 1991; W. Bielby and D. Bielby 1994; DiMaggio 1977; Faulkner and Anderson 1987). Given changing and unpredictable consumer tastes, there is a high degree of uncertainty over the creative inputs that are likely to generate a commercially successful product. However,

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the career experiences of fewer than 375 minority writers (out of more than 8,900 writers), most of whom are constrained to opportunities within narrowly defined niches for "ethnic" television programming and film genres (W. Bielby and D. Bielby 1993).

<sup>17</sup> In the logistic regression and tobit models, the curvilinear effect of years of industry experience net of lagged earnings is negative up to approximately 31 years of experience. Evaluated at the median (9 years), an additional year of industry experience reduces the odds of finding employment by 8 percent (computed from Model 3, Table 2) and reduces earnings capacity by \$5,586 (computed from Model 3, Table 4).

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<sup>16</sup> It is important to keep in mind, however, that the effects of minority status reported here reflect

reputations fade quickly. Association with a project that has achieved great success in the contemporary marketplace signals the capacity to produce within currently fashionable genres, but participation in successful projects more than a few years old often signals just the opposite (D. Bielby and W. Bielby 1993).

These distinctive features of culture industry markets also explain the substantial impact that the elite agencies have on writers' careers. Representation by an elite agency authenticates a writer's reputation. While writers build careers by moving from project to project, the system of recurrent contracting among a small network of successful insiders described by Faulkner and Anderson (1987) is organizationally mediated by the elite talent agencies who shape the labor market just as fundamentally as the major studios did in the 1930s and 1940s. Film and television writers build their careers by moving from project to project, so the organizational arrangements and personnel practices of any one employer have little impact on their career trajectories. But in a profession with an unemployment rate exceeding 50 percent, a writer's access to employment depends strongly on her or his type of affiliation with mediating organizations that provide access to career opportunities.

Our analysis of this industry suggests that the transition from long-term to contingent employment is not simply a move from "hierarchy" to "market" as represented in efficiency-based transaction cost models of labor markets. The labor market is highly segmented, but not by mechanisms normally understood to shape labor market dynamics. Brokerage organizations, not employing organizations, structure the labor market, and they do so in a way that is difficult to reconcile with an image of such organizations as efficient institutions for clearing markets under conditions of uncertainty. A small number of talent agencies transcends the brokerage role, initiating and profiting from the production of new television and film projects. These agencies operate as principals, not just as agents. Their influence on writers' careers can be understood by considering the networks in which social actors or "players" (to use Burt's [1992] term) at dif-

ferent levels of analysis are embedded. Affiliation with a core agency provides a writer with access to an otherwise loosely connected network of opportunities. From the perspective of writer as player, such representation fills a "structural hole" (Burt 1992), providing nonredundant access to information and resources. As a result, representation by a core agency works to the writer's advantage, even if it precludes having the writer's work considered for projects initiated by rival packaging agencies and results in the agency's bottom-line interests being aligned with the entity that pays the writer's salary.<sup>18</sup>

According to Burt (1992:192), the network relations that define an opportunity structure at one level of analysis should have a causal impact at other levels of analysis as well. We have analyzed labor market inequality among writers, but from the perspective of agencies as players one could analyze the generation of stratification among agencies as some successfully pursue strategies that allow them to provide exclusive, nonredundant access to information and resources. The innovation of "packaging," which capitalized on opportunities created by the demise of the studio system and the rise of independent production in both television and

<sup>18</sup> A perspective on culture industry networks derived from Burt's (1992) theory of structural holes differs from the model of "recurrent contracting" proposed by Faulkner (Baker and Faulkner 1991; Faulkner and Anderson 1987) by placing greater emphasis on causal links across levels of analysis. From Faulkner's perspective, the role occupied by an individual artist becomes a resource by virtue of repeated collaborations across projects with other artists. But according to Burt's perspective, what appears on the surface to be a labor market structure generated by the combinatorial patterns of individuals as they move across projects may instead be fundamentally shaped by network relationships among organizations. The packaging phenomenon described here suggests that the recurrent contracting patterns among individuals evident in the film industry is to a large extent sustained by exclusive or semiexclusive relationships between core talent agencies and production companies. In other words, the reason that certain freelance artists tend to work together across projects is because they are represented by an agency that places them as a package in those projects.

film, is one example of such strategic action. Another innovation has taken place in the legal arena, as agencies have successfully fended off legal challenges to packaging from the talent guilds over apparent conflicts of interest created both by agencies' profiting from production revenues and by their providing financial consulting to production studios (Rodman 1990; Turner 1993). Creative Artists Agency has been a leader among core agencies in pursuing what Burt (1992) calls an "embedding strategy," superimposing new relations on top of constrained relationships by extending their operations into financial consulting, international marketing, telecommunications, and multimedia production (Flint 1994; Hettrick 1994; *Hollywood Reporter* 1993; T. Johnson 1996b; Singular 1996; Turner 1993).

Similarly, at the level of analysis of agents as players, one could analyze how agents within the large core agencies assess their personal locations in networks of opportunities and constraints in order to evaluate whether to stay or move, either to another agency or participate in the start-up of a new one. Such moves by well-connected agents are common and account for several dissolutions and mergers among the organizations that make up the core sector in our study (T. Johnson 1996a). In short, as Burt (1992) theorized, a network of opportunity and constraint can be viewed as a causal factor creating inequality across levels—in this case among writers (and presumably other creative professionals), among agents, and among agencies.

Contingent employment among professionals is expanding rapidly in highly institutionalized industrial sectors such as law (Arron 1995; Frederick 1995), human resource management (Martin 1997), accounting services (Copulsky 1997), high technology (King 1993; Slaughter and Ang 1996; Wysocki 1996), higher education (Plovika 1996), and medicine (Kester-Beaver, Wojciehowski, and Davis 1991). While these trends are relatively recent, in the entertainment industry the transformation from long-term salaried employment to contingent work was completed decades ago, and thus it provides a unique opportunity to examine how the role of brokerage organizations evolves and the dynamics of contingent work

among professionals in an institutionalized sector.

A similar kind of segmentation could evolve in the contingent labor market for professional services in other highly institutionalized sectors. When competence is difficult to assess *a priori* based on objective technical standards, reputation may depend on a professional's association with a broker who has a proven capacity to deliver a reliable supply of professional labor (Zucker 1986). As Pfeffer and Baron (1988) explain, in such contexts, brokered, externalized labor markets can provide "viable institutionalized alternatives to internalized hierarchies in dealing with problems of trust, opportunism, and ineptitude" (p. 284).

This reasoning suggests that brokering organizations will mediate the labor market for contingent employment of professionals in highly institutionalized sectors. However, it does not necessarily imply that those organizations will structure the labor market to the extent that we have documented in the labor market for film and television writers. Our analyses indicate that mediating organizations segment the labor market for contingent work when the overall network of project-based opportunities is loosely connected and when a small number of brokerage firms is able to provide effective access to opportunities that cannot be easily reached through other channels.

But under what circumstances do brokerage organizations gain such an advantage in relational networks? In the case of the film and television industry, several factors changed its highly institutionalized environment. Legal actions, a shift in regulatory policies, and the introduction of a new technology (television) transformed the product market, the channels of distribution, and access to financing in a way that undermined the market power of large production organizations. The most favorably located brokerage organizations took advantage of this opportunity with strategic action to expand and defend their unique structural positions. In short, the experience in this industry suggests that the social history of players' locations in network structures is likely to be an important component of any explanation of how a small number of mediating organizations displaces core employing organiza-

tions as active players in segmenting contingent labor markets within highly institutionalized sectors.<sup>19</sup>

In sum, our research shows that even when the employment relationship is externalized, it is important to “bring the firms back in” to understand the segmentation of the labor market for contingent work. When professional work is externalized in highly institutionalized industrial sectors, brokering organizations certify their clients’ reputations as competent practitioners. When mediating organizations bridge “structural holes” (Burt 1992), as can happen when a small number of them has the capacity to participate actively on the demand side as well as the supply side of the production process, their actions sharply segment labor markets to the substantial advantage of their clients and disadvantage of otherwise equally accomplished professionals. Our research documents this process in the entertainment industry and suggests how similar labor market dynamics could develop as externalized professional employment proliferates in other institutionalized sectors.

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<sup>19</sup> For a similar analysis, but in a very different context, of the evolution of brokers’ power due to positions and strategic action in network structures, see Padgett and Ansell’s (1993) analysis of the rise of the Medici in fifteenth-century Florence.

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