

Table X7.7. Earnings Distribution Decomposition

Percentage of workers in each tail of the sector's 1992 earnings distribution	Financial Services			Retail Food			Semiconductors		
	bottom 25 th pctl	top 25 th pctl	bottom or top 25 th pctl	bottom 25 th pctl	top 25 th pctl	bottom or top 25 th pctl	bottom 25 th pctl	top 25 th pctl	bottom or top 25 th pctl
In 1992	25	25	50	25	25	50	25	25	50
In 1998	21.74	30.60	52.34	24.38	23.84	48.23	18.54	37.34	55.8
In 2003	17.62	36.72	54.35	22.27	23.34	45.61	13.17	50.38	63.5
1998 vs 1992	-3.26	5.60	2.34	-0.62	-1.16	-1.77	-6.46	12.34	5.8
2003 vs 1992	-7.38	11.72	4.35	-2.73	-1.66	-4.39	-11.83	25.38	13.5
Decomposition of change 1998 vs 1992									
Marginal effect of:									
-worker reallocation	0.46	-0.39	0.07	0.44	-0.53	-0.09	1.28	-1.24	0.0
-changes in human capital among continuing workers	-6.39	4.43	-1.97	-5.22	5.26	0.03	-7.56	5.38	-2.1
-firm entry and exit	-5.43	0.93	-4.50	-7.65	1.89	-5.76	-1.87	-0.13	-2.0
-changing employment shares among continuing firms	5.39	-0.82	4.57	7.04	-2.02	5.02	6.08	-0.66	5.4
-all residual explanations	2.71	1.45	4.16	4.78	-5.76	-0.98	-4.39	8.99	4.6
Sum of marginal effects	-3.26	5.60	2.34	-0.61	-1.16	-1.77	-6.46	12.34	5.8
Decomposition of change 2003 vs 1992									
Marginal effect of:									
-worker reallocation	0.24	-0.30	-0.06	0.20	-0.29	-0.08	0.12	-0.19	-0.0
-changes in human capital among continuing workers	-7.69	7.36	-0.33	-6.19	6.46	0.28	-13.01	15.00	1.9
-firm entry and exit	-9.23	3.15	-6.08	-9.76	1.14	-8.62	-9.83	2.82	-7.0
-changing employment shares among continuing firms	6.99	-1.12	5.87	8.01	-1.48	6.54	16.76	-5.48	11.2
-all residual explanations	2.31	2.63	4.94	4.99	-7.50	-2.50	-5.88	13.23	7.3
Sum of marginal effects	-7.38	11.72	4.35	-2.73	-1.66	-4.39	-11.83	25.38	13.5

Source: Authors' calculations from LEHD data.