Labor Supply and Occupational Choice

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We document a robust negative relationship between mean annual hours in an occupation and the dispersion of annual hours within that occupation. We study a unified model of occupational choice and labor supply that features heterogeneity across occupations in the return to working additional hours and show that it can match the key features of the data both qualitatively and quantitatively. Occupational choice in our model is shaped both by selection on comparative advantage and selection on tastes for leisure. Our quantitative work finds that the dominant source of differences in hours across occupations is selection on tastes for leisure.

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