

**Trends in Employment at U.S. Multinational Companies:  
Evidence from Firm-Level Data**

Maria Borga, U.S. Bureau of Economic Analysis

*Brookings Trade Forum 2005*

This paper builds upon earlier BEA studies of the operations of U.S. multinational companies by examining data for a firm-level panel of U.S. MNCs for the years 1994 and 2002. Whereas the earlier work was directed at portraying aggregate patterns in the data, the present analysis is more directed at characterizing and explaining typical firm behavior. This paper uses BEA's firm-level data to examine the evidence on the extent of offshoring by U.S. parent companies to their foreign affiliates, and then to determine if, and how, offshoring is associated with changes in U.S. parent employment. It is found that U.S. parents have increased their reliance on purchased inputs in their production, but changes in the use of purchased inputs are not significantly correlated with changes in employment at the parent. Indeed, changes in output and in labor productivity are found to be the most significant sources of change in parent employment. However, changes in parents' reliance on goods imported from their foreign affiliates are negatively correlated with changes in U.S. parents' employment. In contrast, there was no significant correlation between changes in the use of services imported from their foreign affiliates and changes in parents' employment.