

Off-shoring: Data Requirements

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Overview

- LEHD Data
- Conceptual Framework
- What's Available

The Longitudinal Employer - Household Dynamics Program

Demographic Surveys

Household Record
Household-ID
Data

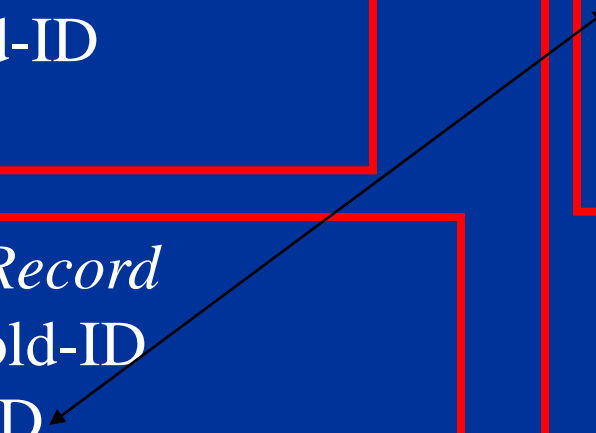
Person Record
Household-ID
Person-ID
Data

Integration

Record
Person-ID
Employer-ID
Data

Economic
Censuses and
Surveys
Census Entity-ID
Data

Business Register
Employer-ID
Census Entity-ID
Data



Confidentiality Protections



- Anonymized data
- Approved Projects only
- Statistical Purposes only
- Title 13 (\$250,000 fine/5 years in jail if confidentiality breached)
- Disclosure review
- Firewall within firewall within firewall protection

Alaska



Hawaii



	States in Production
	States Pending Production

LED Partner States

Conceptual Framework

- What is a job?
- What does it mean for a job to move from one location to another (identifying event)?
 - Many events impact firms – dominance of idiosyncratic factors
 - demand conditions
 - efficiency differences
 - cost differences
 - competitive shocks (e.g. Walmart or Foreign competition)
 - Firms constantly reinventing and restructuring
 - Outsourcing and offshoring just one part of this mix

Conceptual Framework (cont)

- How would we measure offshoring (identifying effect)
 - Within firm reallocation
 - Job destruction in U.S location
 - Job destruction by worker type
 - Job creation by same firm in foreign location
 - Job creation by worker type
 - Outsourcing
 - Purchased services
- How would we measure consequences?
 - Firm performance
 - Earnings and employment outcomes for affected workers (workers who are separated)
 - Gains to consumers

What's Available

- Define job
- Identifying job movements?
 - Ask firm directly in a survey
 - Track within firm movements across establishments
 - Track across firm movements
 - LEHD data
 - High quarterly accession and separation rates (over 20 percent per quarter)
 - Clustered worker flows account for about 10 percent
 - Only about 1 percent are observably a form of outsourcing (Personnel Supply)
 - Purchased services information from Census surveys

What's available (cont)

- Identifying Job Movements (cont)
 - Foreign Offshoring
 - BEA data on foreign direct investment
 - foreign firms, domestic operations;
 - domestic firms, foreign operations
 - Census Bureau Data on Related Party Trade
 - Integrate with LEHD data and job and worker flows at firm level
- LEHD data can directly measure consequences and also put into context
 - Example of Sloan project
 - Firm performance
 - Earnings and Employment Outcomes

Caution on Offshoring: How big relative to overall flows?

- MNC have 30 million employees, 8 million in foreign affiliates
- Growth rate of foreign affiliate employment less than 1 percent in recent years
- Back of the envelope:
 - Recent growth in MNC employment less than 80,000 workers per year
 - Job destruction per year in U.S. exceeds 13 million per year
 - Separations at least twice as large
- More sophisticated Boston Fed Study suggests 2.4 percent of all 56 million layoffs made in 2001-2003 due to offshoring and foreign competition.
 - They also emphasize the jobs created by the increased international exchange of goods and services