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
- 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
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