Offshoring Potential and Employment Dynamics

Prof. Dr. Bernhard Boockmann
Institut für Angewandte Wirtschaftsforschung (IAW)

This study addresses the impact of offshorability (a job characteristic indicating how easily a job can be offshored) on employment changes and worker mobility in Germany. A composite measure of offshorability for German data is used which broadens existing measurements such as Blinder (2009). Contrary to what the literature suggests, there is no evidence that net employment creation is higher in non-offshorable occupations. Furthermore, both hiring and job separation rates decline with offshorability. Results from a discrete-time hazard rate model confirm that the risk of exit from a job is smaller in more offshorable jobs; most of this is due to lower job-to-job mobility. The exception is for lows skilled workers, whose probability of leaving employment to other labour market states is higher if their jobs are more offshorable.