

Offshoring to high and low income countries
and the labour demand.
Evidence from Italian firms.

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Abstract

Making use of an original data set on a panel of Italian manufacturing firms we investigate the effects of imports of intermediates from high and low income countries on the demand for labour. We estimate a dynamic panel data model by means of System GMM allowing for the endogeneity of our right hand side regressors, especially our offshoring measures. Our results bear a negative offshoring effect on the firm conditional labour demand which is attributable exclusively to imports of intermediates from low income trading partners and mainly concerns firms operating in traditional sectors. No statistically significant effect is estimated for imports from high income countries. These findings are robust to the different measures of offshoring and to the inclusion of further controls.

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