Comments on "Offshoring of tasks and flexible employment:
Relationships at the firm level"
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Aims of research

- The effect of increasing global competition on labor demand
  - Previous papers examined the effect of import
  - This paper focuses on offshore sourcing
- Disaggregation of offshored tasks
  - Production, R&D, info services, et al.
- Disaggregation of labor
  - Regular full-time workers and others

Some features of data and analysis

- Japanese firm data from authors' original survey, combined with other official statistics
- Two periods: 2000/01 and 2005/06
- Six kinds of offshore and domestic sourcing
- Explanatory variable: L^R / L
  (regular full-time workers / total workers)
- Consider the effect of policy change in 2004 (authorizing dispatched workers in production)

Main results concerning offshoring

- Offshoring firms decrease their L^R / L by around 2% points.
  - The number of Japanese firms conducting offshoring increased by 5% points from 2000 to 05. -> It decreased Japanese L^R / L by about 0.1% point.
- Firms who conduct professional services offshoring decrease their L^R / L by around 5% points.
  - Less than 1% of Japanese firms conduct this offshoring.

What makes L^R / L decrease?

- Japanese L^R / L decreasd by -4.979% points from 2000 to 2005

- Main factor: year dummy "After" (-4.376)
  - Effect of labor market deregulation?
  - Change of production technology?
  - Change of workers' preferences?

- Offshoring has little effect on Japanese L^R / L, but has a stable effect on each offshoring firm.
  - Offshoring potentially changes Japanese L^R / L

Some questions

- Extension to translog functions
  - Factor share: $w^R L^R$ or $w^{NR} L^{NR}$ over value-added
  - Wage data: "Basic Survey on Wage Structure"
- Firm size: sales or value-added?

  Sales = F (Labor, Capital, Intermediate Inputs)

  Value-Added = F (Labor, Capital)
- Application to other researches
  - Firm-level outsourcing data is original and unique