

Taking Account...

Results of BEA–BLS collaboration published

In the early 1990s, the Bureau of Economic Analysis (BEA) and the Bureau of Labor Statistics (BLS) collaborated to link data from each agency to produce new, more informative sets of statistics. These projects were generally aimed at exploring the composition of employment in the United States by U.S. affiliates of foreign companies. However, economists, researchers, politicians, and the media have recently shown more interest in exploring the impact of U.S. direct investment abroad on the domestic employment of U.S. multinational companies.

To address a lack of statistics in this area, BEA and BLS have again collaborated.

BEA collects statistics via well-established surveys on multinational companies based in the United States—firms that have full or partial ownership of affiliate companies in foreign countries. These surveys were not designed to offer detailed information on the characteristics of these firms' employment within the United States. However, identifying such firms in BLS data can provide a wealth of information.

A joint BEA–BLS project linked BEA firm-level data on U.S. multinational companies with BLS establishment-level data for all U.S. employers. More specifically, BEA data were used to match a pilot group of U.S. parent firms of multinational

companies with their establishments appearing in BLS data.

The pilot group consisted of the 500 largest, U.S.-based multinational manufacturers (by primary industry of the U.S. parent) in the BEA's firm-level data from the 2004 Benchmark Survey of U.S. Direct Investment Abroad. The matching was primarily through the names, locations, and employer identification numbers that were provided in this survey.

This research effort produced for the first time details on the employment, wages, and geographical and occupational distributions of these companies.

The results of the research were presented in an article by Elizabeth Weber Handwerker, Mina M. Kim, and Lowell Mason—all economists with BLS—in the October 2011 issue of the *Monthly Labor Review*, published by BLS.

The article, “Domestic employment in U.S.-based multinational companies,” found that “establishments of multinational manufacturing firms in the United States are larger, are located disproportionately in the South, employ a disproportionate number of engineers, and pay higher wages, on average, than other U.S. establishments; these findings hold even after controlling for establishment industry, size, and age, and the interaction between industry and size.”

BEA and BLS intend to continue their collaboration in this

area. Additional information collected in the 2004 BEA survey, such as the magnitude or the destination countries of these companies' foreign investments, has not yet been used. This information would facilitate an examination, for example, of whether the occupational distribution of U.S. employees between multinational manufacturing firms with investments overseas in high-wage countries differs from those with investments overseas in low-wage countries. In addition, BLS and BEA researchers are working to combine the BLS Occupational Employment Statistics survey with BEA surveys of U.S. direct investment abroad. This ongoing collaboration will ultimately add to the collective understanding of how the activities of U.S. multinational companies correspond to their domestic employment structure.

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