

Vertical Disintegration and Training: Evidence from a Matched Employer-Employee Survey

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Abstract

A recent literature has argued in favour of a sizeable productivity enhancing effect of outsourcing. However, outsourcing implies the possibility of substituting away from internal labour services towards the employment of external workers in non-core activities of the firm. The effect of outsourcing on workers' training opportunities appears to be an empirical matter. Using a matched employer-employee survey for Australia and a range of econometric strategies that aim to control for selection on observables, I find robust evidence of large productivity enhancing-effects of outsourcing on workers' training, particularly for older workers.