

EMPLOYMENT IN FOREIGN AFFILIATES

Firms in OECD countries increasingly adopt global strategies and establish overseas sales, marketing, production and research units to cope with new competitive pressures. Indicators on the activity of affiliates under foreign control are thus an important complement to information on FDI when analysing the weight and economic contribution of such firms in host countries.

While data on the manufacturing sector have been available since the beginning of the 1980s, the OECD started collecting data on the activity of affiliates under foreign control in the service sector only in the second half of the 1990s; data are not yet available for all OECD countries.

Definition

An affiliate under foreign control is defined as one in which a single foreign investor holds more than 50% of the shares with voting rights. The notion of control allows all of a company's activities to be attributed to the controlling investor. This means that variables such as a company's turnover, staff or exports are all attributed to the controlling investor and the country from which he or she comes. Control may be direct or indirect.

Employment in foreign affiliates is shown as a percentage of total employment in each country.

Overview

The shares of foreign affiliates in manufacturing employment show considerable variation across OECD countries, ranging from under 15% in Italy, Portugal, Switzerland, Turkey and the United States to 35% or more in the Czech Republic, Hungary, Luxembourg, the Slovak Republic and Ireland. Employment in service sector foreign affiliates is lower in all countries although, as noted above, data are affected in several countries by the exclusion of employment in banking and insurance services.

In the period from 2003 to 2006, the share of foreign-controlled manufacturing affiliates in total employment grew or remained stable in all countries for which data are available except France and Ireland, where their shares slightly fell, and in Sweden and the United States, where the shares have remained fairly stable.

Particularly sharp increases were recorded by the Czech Republic, Poland and the United Kingdom.

Over the same period, the share of foreign-controlled service affiliates in total employment grew or remained stable in all countries for which data are available, except Belgium and Hungary. The biggest increases were recorded in the Czech Republic, the Netherlands, Poland and Sweden.

Comparability

Data on employment of foreign affiliates in the manufacturing sector are available as time series for most OECD countries. Conversely, fewer countries are able to supply estimates of employment in service affiliates because collection of employment data on services began later.

For employment in manufacturing, there are breaks in the series for Austria (2001/2002), the Czech Republic (1999/2000), France (2001/2002), Germany (2001/2002), Hungary (2002/2003), Portugal (2002/2003) and the United States (1996/1997). These breaks reflect changes in data collection methods.

For employment in services, the main comparability problem is that financial institutions are excluded in the case of Belgium, Germany, Ireland, Netherlands, Portugal, Spain, Sweden, the United Kingdom and the United States. Breaks in series for France (2003), Germany (2002), Hungary (2003) and Portugal (2002) are due to changes in the data collection methods.

Sources

- OECD (2009), *OECD Science, Technology and Industry Scoreboard 2009*, OECD, Paris.

Further information

Analytical publications

- OECD (2010), *Measuring Globalisation: OECD Economic Globalisation Indicators*, OECD, Paris.

Statistical publications

- OECD (2007), *Measuring Globalisation: Activities of Multinationals – Volume I: Manufacturing, 2000-2004, 2007 Edition*, OECD, Paris.
- OECD (2008), *Measuring Globalisation: Activities of Multinationals, Volume II, 2008 Edition: Services, 2000-2004*, OECD, Paris.

Methodological publications

- OECD (2005), *Measuring Globalisation: OECD Handbook on Economic Globalisation Indicators*, OECD, Paris.

Online databases

- *Measuring Globalisation Statistics*.

Web sites

- OECD Measuring Globalisation, www.oecd.org/sti/measuring-globalisation.
- OECD Science, Technology and Industry, www.oecd.org/sti.

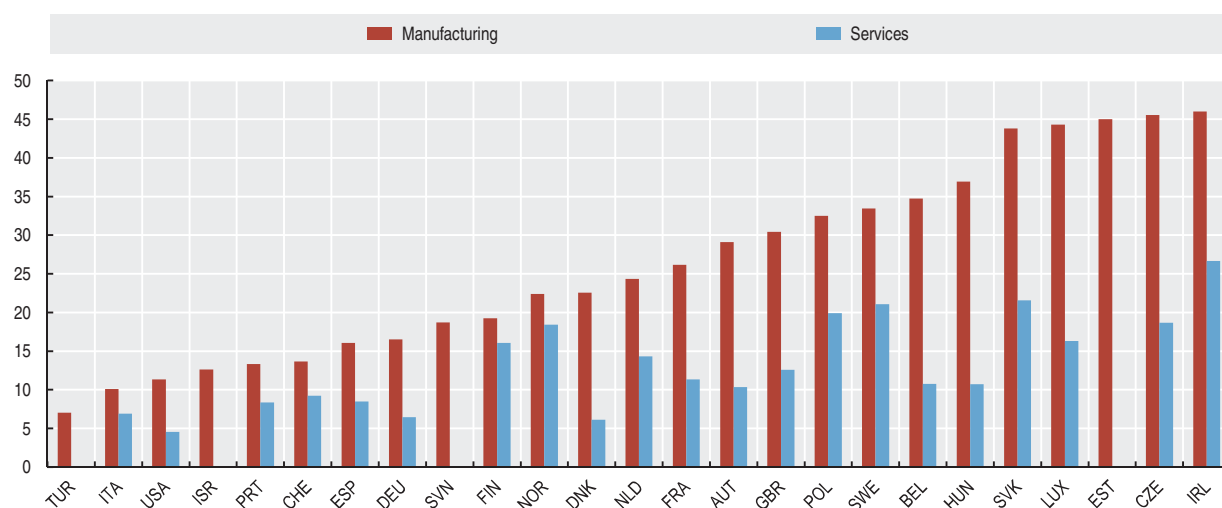

Employment in affiliates under foreign control

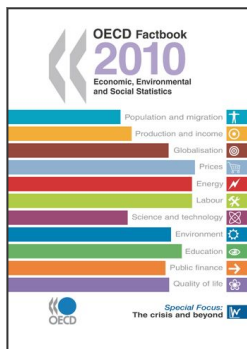
As percentage of total employment

	Share of employment in manufacturing							Share of employment in services						
	2001	2002	2003	2004	2005	2006	2007	2001	2002	2003	2004	2005	2006	2007
Austria	18.0	24.0	22.5	..	..	..	29.1	9.7	..	10.3	..	..	..	..
Belgium	..	32.3	34.5	32.8	33.1	34.8	..	..	17.2	16.2	15.3	14.2	10.8	..
Czech Republic	28.9	27.2	32.6	37.2	37.8	39.6	45.5	..	..	21.1	22.7	24.9	18.7	..
Denmark	14.1	14.4	..	19.3	20.8	21.2	22.6	..	..	..	..	..	..	..
Finland	17.2	..	..	..	17.3	17.8	19.2	11.9	..	14.5	15.9	16.1	..	..
France	30.8	26.4	26.8	26.2	26.4	26.3	26.1	5.6	5.2	10.0	10.5	11.3	11.3	..
Germany	5.8	14.8	15.5	15.7	15.8	16.5	..	2.9	7.2	6.1	6.3	6.7	6.4	..
Hungary	45.2	43.6	27.1	32.4	33.4	36.9	..	15.1	14.8	..	11.3	10.7	..	..
Ireland	49.2	48.4	46.7	48.0	49.3	47.8	46.0	28.4	28.5	27.3	27.5	31.6	26.7	..
Italy	10.8	13.1	12.5	12.4	12.5	10.1	..	5.1	5.4	5.7	6.1	6.7	6.9	..
Luxembourg	41.7	42.4	42.8	45.0	44.3	..	..	..	..	..	..	..	..	..
Netherlands	21.0	25.7	24.1	25.7	24.3	..	..	9.1	12.1	11.6	12.6	14.3	..	..
Norway	24.3	23.0	21.3	21.4	22.3	23.9	22.4	17.3	17.5	17.5	17.5	..	18.4	..
Poland	21.9	24.1	25.4	28.1	29.5	30.9	32.5	13.4	15.3	15.3	17.1	17.9	19.9	..
Portugal	9.5	8.9	12.8	12.6	13.1	13.3	..	4.7	..	7.4	7.0	7.3	8.4	..
Slovak Republic	..	..	34.9	41.4	44.3	43.8	..	..	..	..	23.5	23.9	21.6	..
Spain	16.4	15.9	15.4	15.6	15.6	16.0	16.1	..	8.7	10.0	9.5	9.7	8.5	..
Sweden	32.7	34.8	33.2	32.4	33.8	34.3	33.4	..	17.5	20.6	22.4	20.3	21.1	..
Switzerland	..	..	11.6	12.2	12.5	13.2	13.6	..	..	7.3	7.6	8.2	8.7	9.2
Turkey	7.0	..	..	..	..	..	..	..	..	..	..	..	..	..
United Kingdom	24.0	24.6	26.1	25.8	27.6	28.4	30.4	..	..	11.6	12.0	12.0	12.6	..
United States	11.1	11.3	11.4	11.1	11.3	11.3	..	..	4.5	..	..	..	..	..
Estonia	..	..	38.4	41.8	43.7	45.0	..	..	..	..	..	..	..	..
Israel	..	11.0	10.8	12.6	12.6	..	..	..	..	..	..	..	..	..
Slovenia	..	..	15.9	16.0	..	..	18.7	..	..	..	..	..	..	..

 StatLink <http://dx.doi.org/10.1787/824582367013>
Employment in manufacturing and services in affiliates under foreign control

As a percentage of total employment, 2007 or latest available year


 StatLink <http://dx.doi.org/10.1787/818660713260>



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