Production fragmentation and employment. Country-industry level analysis based on WIOD 2016

The aim of this research is to reanalyse the possible impact of production fragmentation on employment using the newest world input-output database (WIOD) release (2016) and recently proposed by Timmer, Los, Stehrer and de Vries (2016) measure of production fragmentation which traces the imports needed in all stages of production. This study is provided on country-industry level for 56 industries and 41 countries for the years 2000-2014. The estimated model is based on augmented labour demand function. Our empirical results show that certain countries and sectors can in fact feel the negative impact of increasing production fragmentation on labour demand.