

Firm Export Diversification and Labor Organization

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Abstract: We investigate the relationship between a firm's organization of labor – defined as the number of hierarchical 'layers' - and the scope of its export portfolio. The empirical analysis is based on a matched employer-employee dataset covering the population of French manufacturing firms over the period 2009-2013. Our analysis suggests that market expansion, and in particular export diversification, is associated with a change in firm labor organization, namely a higher number of hierarchical layers, a rise in the share of managers and an increase in wage dispersion. We show how this result is consistent with a simple model where the complexity of a firm's operations increases in the number of product-destination exported, and where managers' role is to address some of the problems arising from increased complexity of operations.