The Effect of Trade on Skill Requirements: Evidence from Job Postings

Abstract

This paper examines the extent to which changes in international market prices lead to shifts in firms’ skill requirements through trade. On January 15, 2015 the Swiss National Bank unexpectedly abandoned the exchange rate floor with the Euro, causing a 15% increase in the value of the Swiss franc, which remained relatively stable in the subsequent years. This unforeseen appreciation immediately impacted the relative price of trade, creating new incentives to import, while simultaneously reducing expected profits for firms exposed to foreign competition. I study how this sharp change in trade conditions affected skill requirements in Switzerland using novel data on trade and labor demand. Specifically, I merge trade data containing information on each import or export transaction made by Swiss firms with firm-specific job postings data. I find that, in the two years after the shock, firms with a workforce more exposed to offshorability and automation increased imports, and posted more job ads for highly skilled workers. For these firms, a 10% increase in monthly imports translates into a 2.1% reduction in the routine intensity of the tasks associated with their labor demand.

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