



OCTOBER 2019

A Look At Employment And Wages In U.S. Establishments With Foreign Ownership

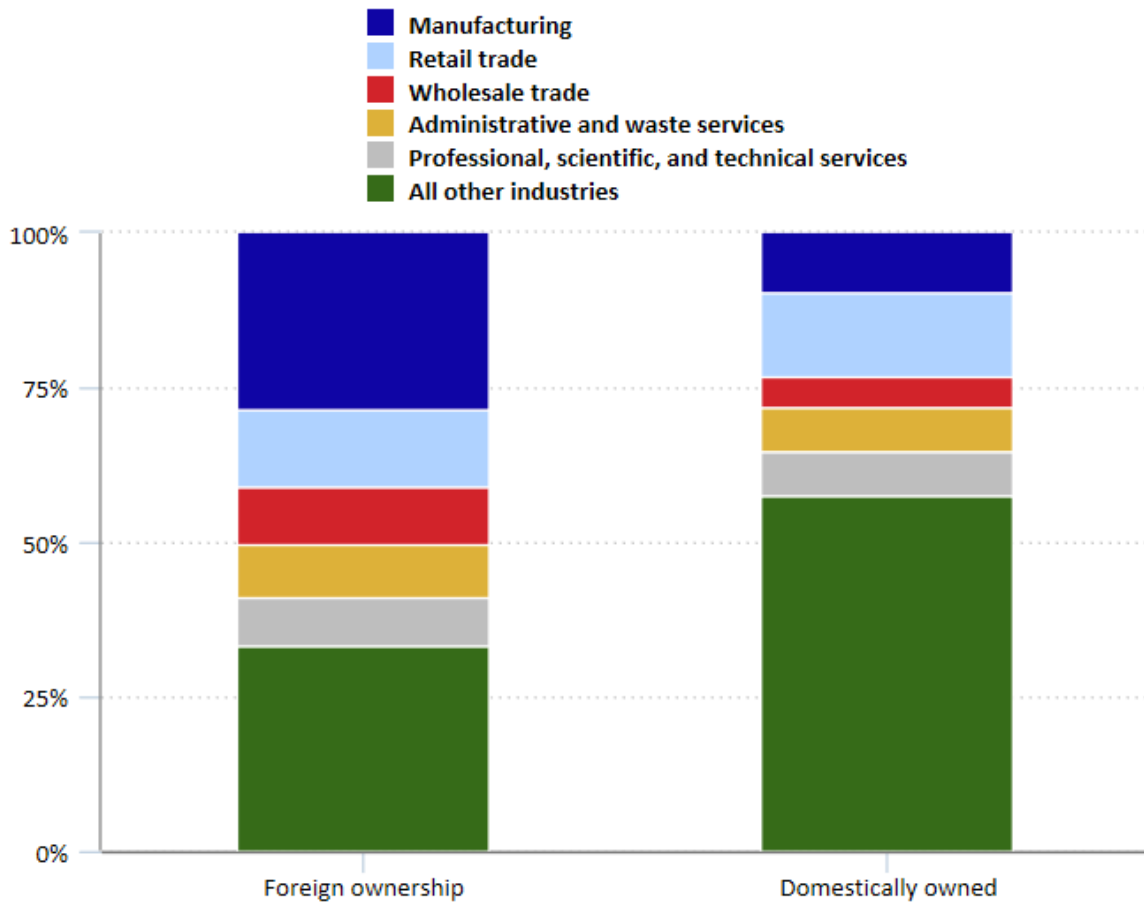
Erik Friesenhahn, Stella Fayer, and Audrey Watson

As corporations become more globalized and businesses seek advantageous opportunities worldwide, it is no surprise that foreign companies have entered the heavily consumer-oriented U.S. market. In February 2019, for the first time in nearly 25 years, the Bureau of Labor Statistics published detailed estimates on the domestic employment patterns of establishments with foreign ownership in the United States. These data show that, in 2012, U.S. establishments having at least one foreign owner with at least 10 percent ownership (hereafter referred to as “establishments with foreign ownership”) had total employment of more than 5.5 million, representing approximately 1 of every 20 U.S. private sector jobs.

Five industries made up two-thirds of employment in establishments with foreign ownership

At 28 percent, the manufacturing sector represented the greatest share of employment in establishments with foreign ownership—more than any of the other 18 private industry sectors. This contrasts with domestically owned establishments, where manufacturing accounted for only 10 percent of total private employment. Retail trade made up the second-largest share (13 percent) of employment in establishments with foreign ownership, followed by wholesale trade and administrative and waste services (9 percent each) and professional, scientific, and technical services (8 percent). Taken together, these five industry sectors accounted for 67 percent of all employment in establishments with foreign ownership.

Percentage of employment in establishments with foreign ownership and in domestically owned establishments, by industry sector, 2012

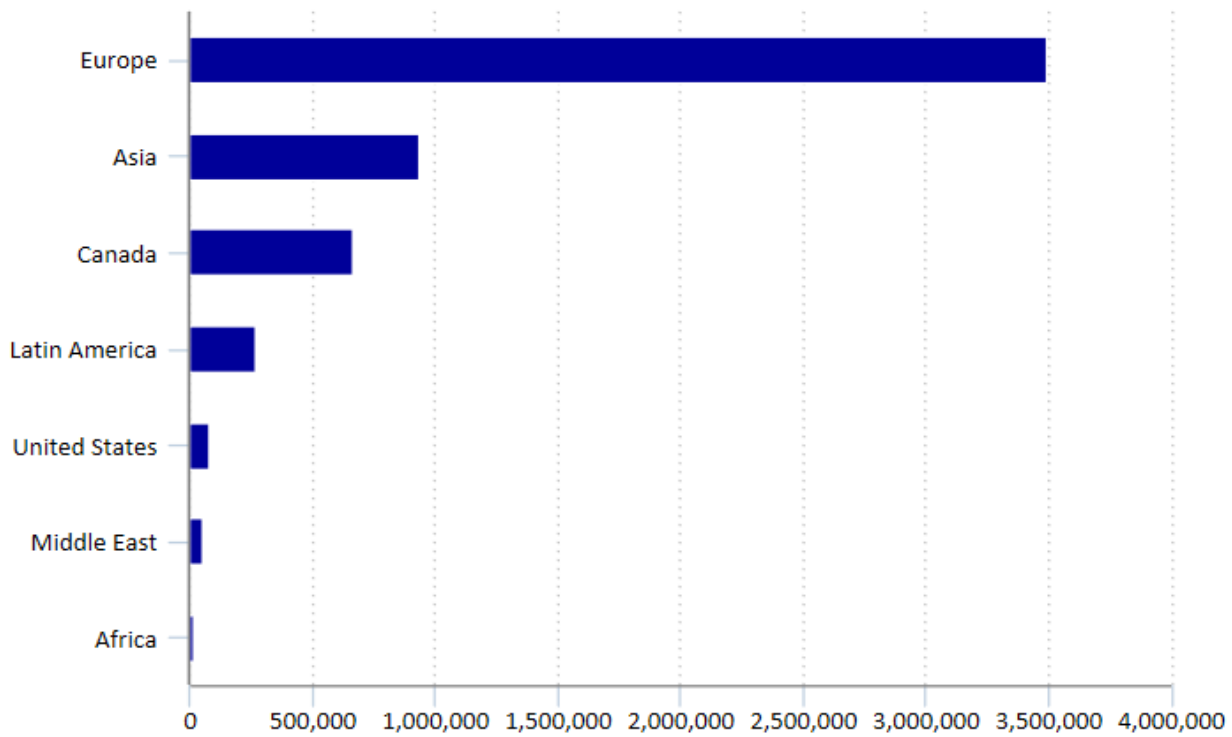


Click legend items to change data display. Hover over chart to view data.
 Source: U.S. Bureau of Labor Statistics and U.S. Bureau of Economic Analysis.

Most employment in establishments with foreign ownership was associated with investment from Europe

The BLS foreign direct investment tabulations include data specifying an establishment’s country of ownership. Although foreign investment in the United States comes from all regions of the world, nearly two out of every three jobs attributed to establishments with foreign ownership are in establishments with European ownership (3,499,043 jobs). Asia accounted for 17 percent (935,608 jobs) and Canada 12 percent (671,036 jobs). The remaining four world regions together accounted for less than 8 percent (411,515 jobs).

Employment in establishments with foreign ownership, by region of ownership, 2012



Hover over chart to view data.

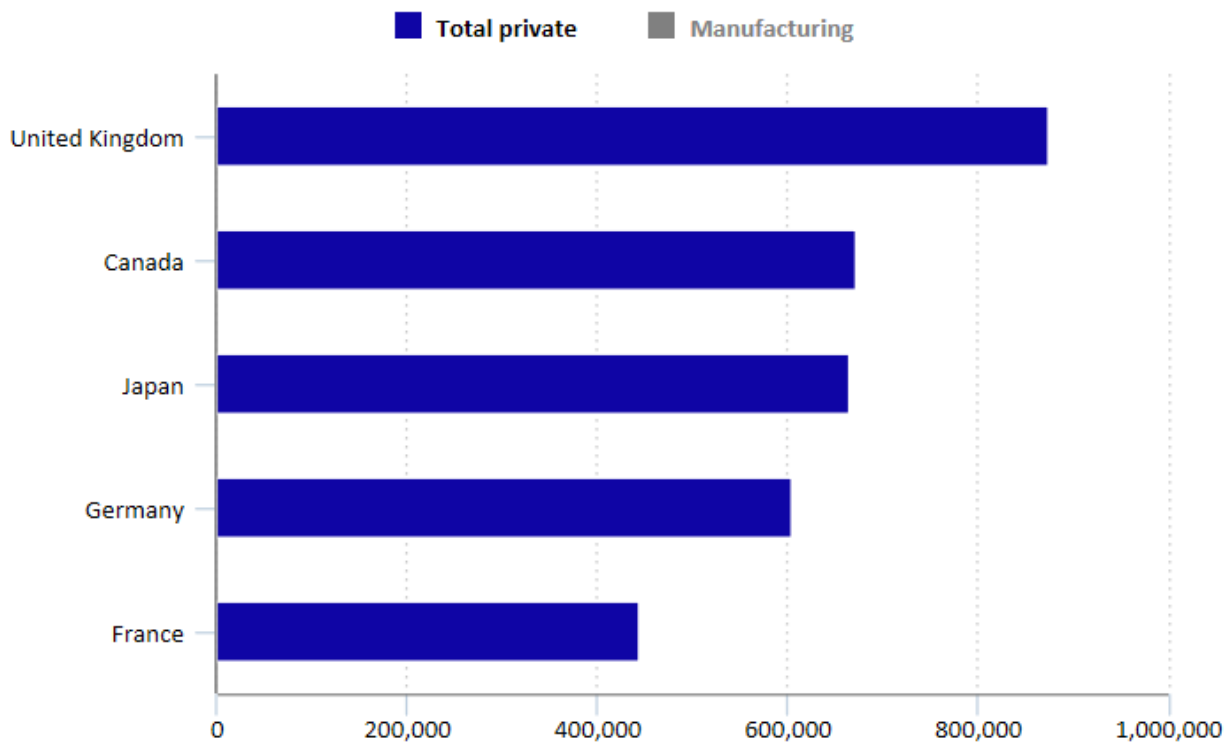
Source: U.S. Bureau of Labor Statistics and U.S. Bureau of Economic Analysis.

A handful of countries accounted for most employment in establishments with foreign ownership

BLS publishes employment and wage data on 43 different countries that invest in the United States. Five countries accounted for nearly 3.3 million of the 5.5 million jobs (59 percent) attributed to establishments with foreign ownership. Establishments with investment from the United Kingdom accounted for the most employment, with 873,635 jobs or 16 percent of the total. Establishments with investment from Canada (671,036), Japan (664,211), Germany (605,244), and France (444,328) rounded out the top five.

In the manufacturing sector, establishments with Japanese ownership accounted for the most employment (288,409). This was followed by Germany (174,631), the United Kingdom (161,563), Canada (161,241) and Switzerland (115,276). Manufacturing jobs accounted for 43 percent of all employment in establishments with Japanese ownership. Although the United Kingdom accounted for the highest level of overall employment in establishments with foreign ownership, manufacturing jobs represented only 18 percent of all employment in establishments with United Kingdom ownership.

Highest employment in establishments with foreign ownership, by country of ownership, total private and manufacturing, 2012

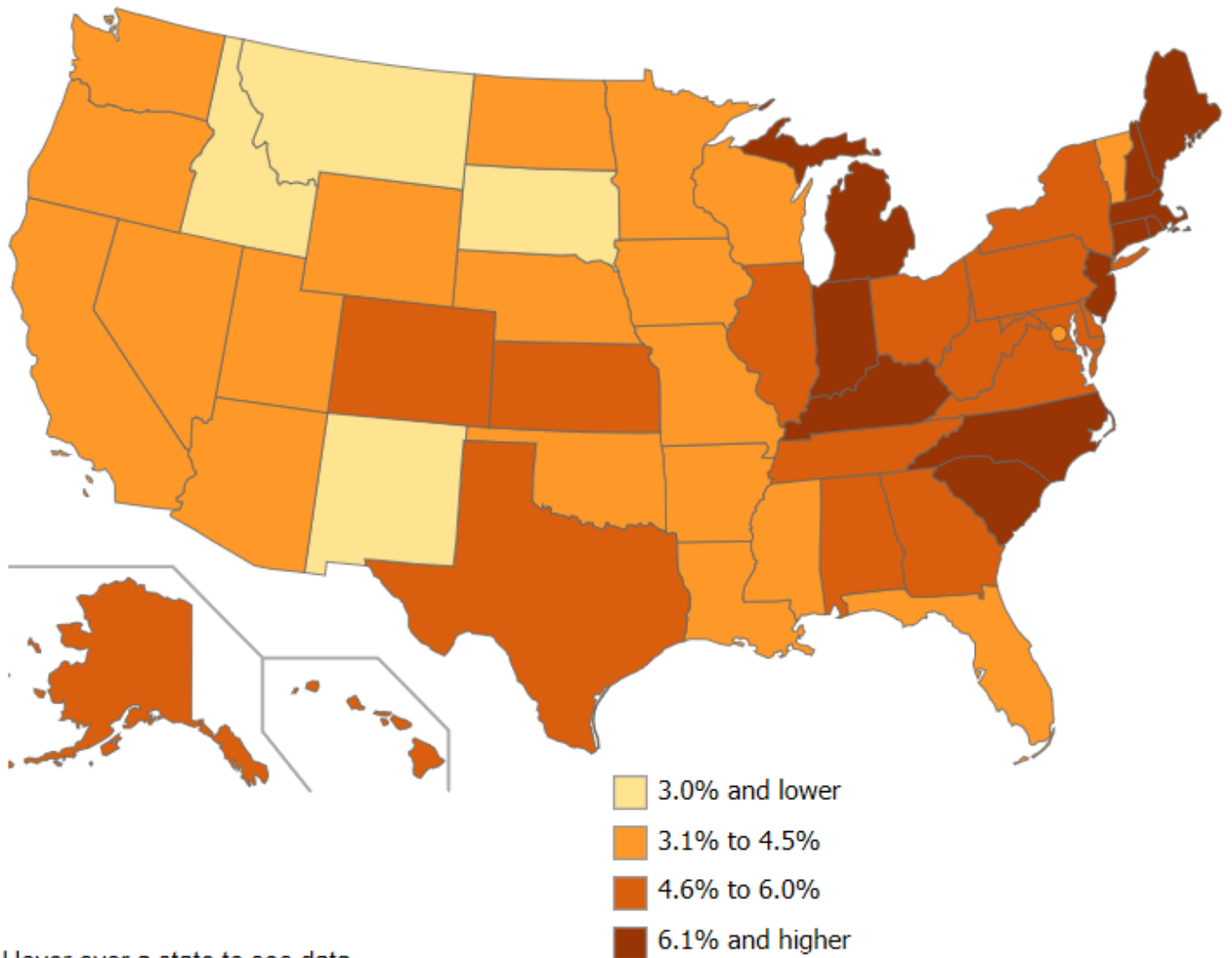


Click legend items to change data display. Hover over chart to view data.
 Source: U.S. Bureau of Labor Statistics and U.S. Bureau of Economic Analysis.

Employment in establishments with foreign ownership was more concentrated east of the Mississippi

In 2012, establishments with foreign ownership were spread across all 50 states and the District of Columbia. However, employment levels were not evenly distributed across states. In general, establishments with foreign ownership formed a greater proportion of total private employment in eastern states than in western states. South Carolina had the highest foreign-owned share of employment at 8 percent. South Carolina and 23 other states had employment shares greater than the national average of 5 percent. Montana had the lowest share, with less than 2 percent of its private sector employment in establishments with foreign ownership.

Employment in establishments with foreign ownership as a percentage of total employment, by state, 2012



Hover over a state to see data.

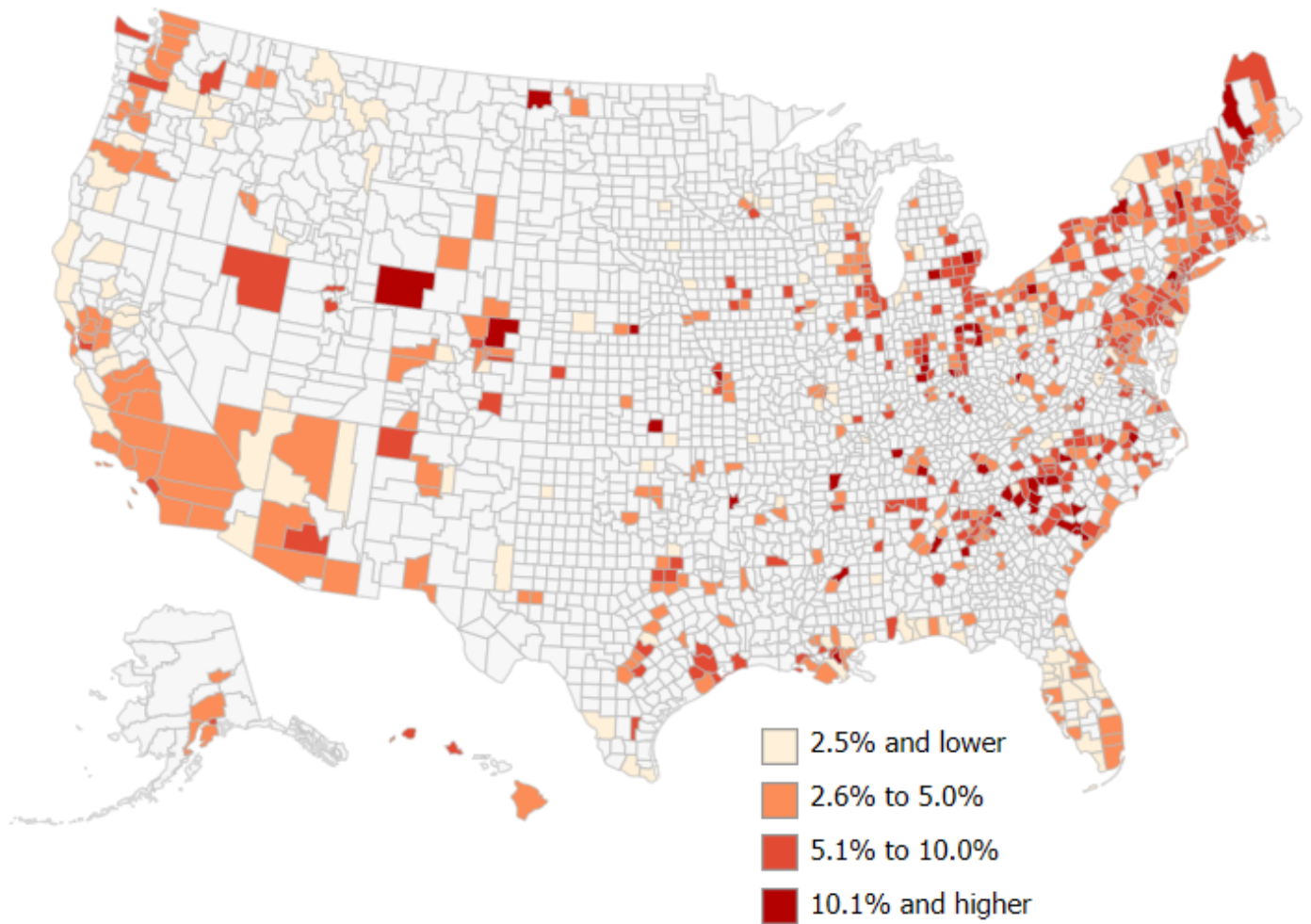
Hover over legend items to see states in a category.

Source: U.S. Bureau of Labor Statistics and U.S. Bureau of Economic Analysis.

A county-level view of employment in establishments with foreign ownership

In 2012, there were 3,142 counties in the United States. BLS was able to publish data on total private employment and wages in establishments with foreign ownership for 706 of these counties. There were 284 counties that had shares of employment in establishments with foreign ownership that were greater than the national average of 5 percent, and there were 47 counties that had more than 10 percent of their total private employment in establishments with foreign ownership. South Carolina was the state in which 10 of these counties were located.

Employment in establishments with foreign ownership as a percentage of total employment, by county, 2012



Hover over a county to see data.

Hover over legend items to see counties in a category.

U.S. Bureau of Labor Statistics and U.S. Bureau of Economic Analysis.

The ten largest counties in terms of employment levels and share of employment

Counties with the highest employment levels in establishments with foreign ownership largely overlapped with counties with high overall employment levels. In fact, all of the 10 counties with the largest employment in establishments with foreign ownership were also among the 20 largest counties in terms of total employment. The largest county in terms of employment level in establishments with foreign ownership was New York County, New York (175,100); followed by Los Angeles County, California (147,852); and Harris County, Texas (133,982).

In contrast, there is no overlap between the counties with high overall employment levels and the largest counties in terms of employment share in establishments with foreign ownership. Among these 10 largest counties, 6 were located in the Midwest and 4 were located in the South. The county with the highest share of employment attributed to establishments with foreign ownership was Union County, Ohio (40 percent); followed by Logan County, Ohio (34 percent); and Talladega County, Alabama (29 percent).

Counties with the highest employment in establishments with foreign ownership, levels and shares, 2012



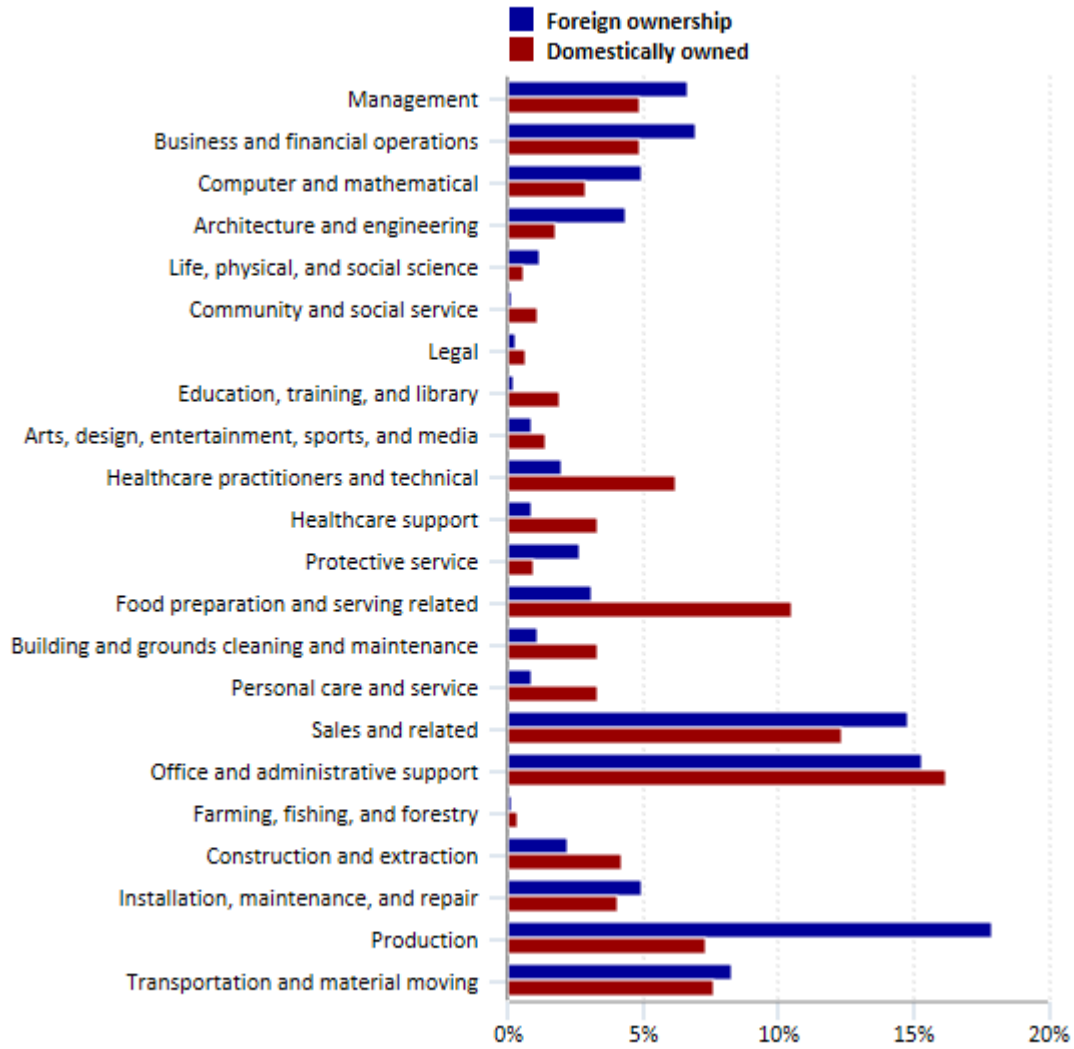
Click legend items to change data display. Hover over chart to view data.
Source: U.S. Bureau of Labor Statistics and U.S. Bureau of Economic Analysis.

Establishments with foreign ownership had higher shares of production and sales occupations

Production occupations made up nearly 18 percent of employment in establishments with foreign ownership, compared with 7 percent of employment in domestically owned establishments. Establishments with foreign ownership also had higher shares of sales and related; business and financial operations; management; computer and mathematical; architecture and engineering; protective service; and life, physical, and social science occupations. These differences in occupational composition reflect, in part, the different mix of industries in which foreign and domestic owners invest.

Compared with domestically owned establishments, establishments with foreign ownership had lower shares of food preparation and serving related occupations and both healthcare occupational groups. Establishments with foreign ownership also had lower shares of construction and extraction; personal care and service; building and grounds cleaning and maintenance; education, training, and library; and community and social service occupations.

Occupational groups as a percentage of total employment, establishments with foreign ownership and domestically owned establishments, 2012

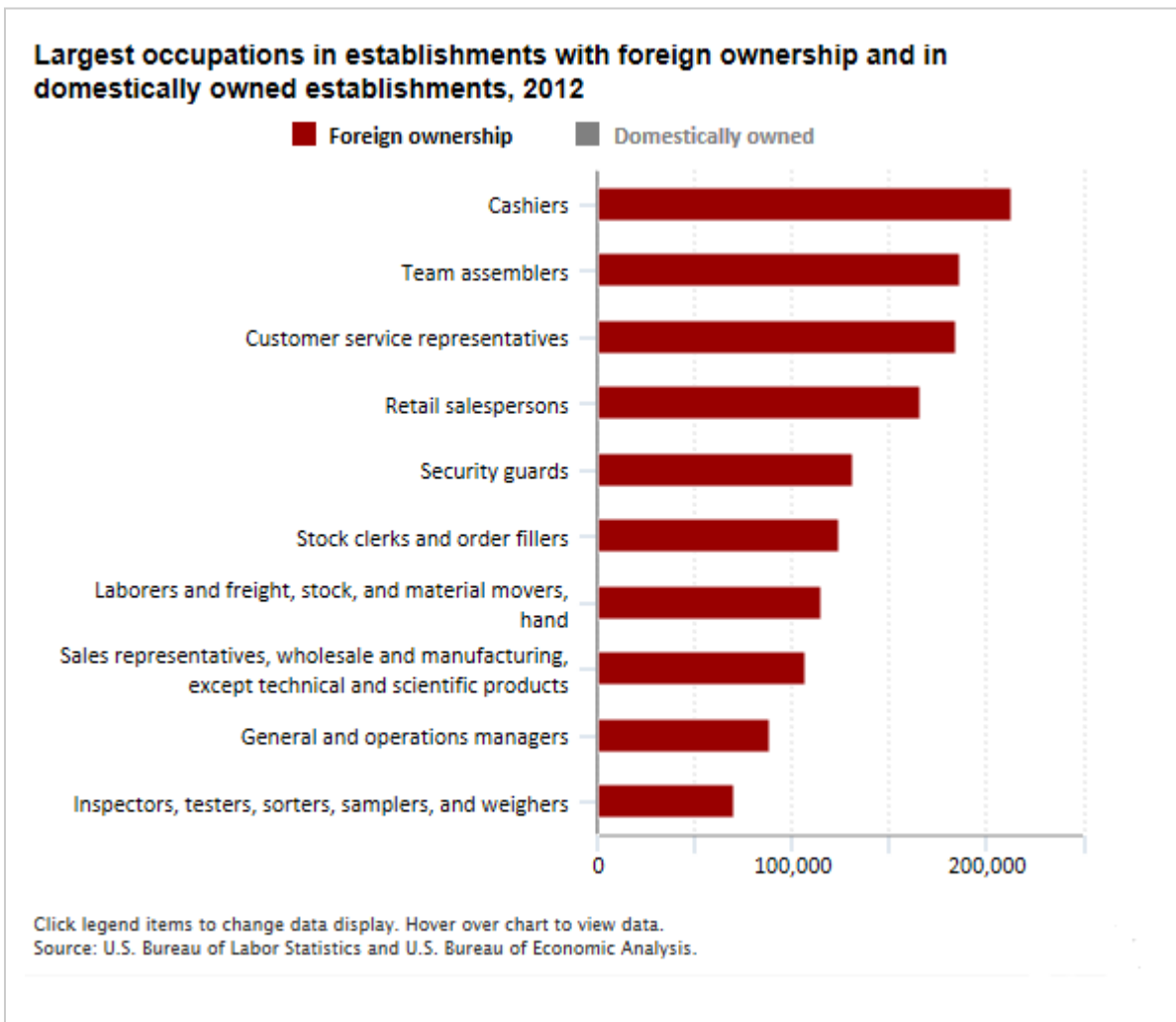


Click legend items to change data display. Hover over chart to view data.
 Source: U.S. Bureau of Labor Statistics and U.S. Bureau of Economic Analysis.

Establishments with foreign ownership and those domestically owned had occupational differences

Although several of the largest occupations were the same in both establishments with foreign ownership and in domestically owned establishments—including retail salespersons, cashiers, and customer service representatives—there also were differences. For example, registered nurses, with employment of nearly 2.2 million, was one of the largest occupations in domestically owned establishments, but there were no healthcare occupations with large employment in establishments with foreign ownership.

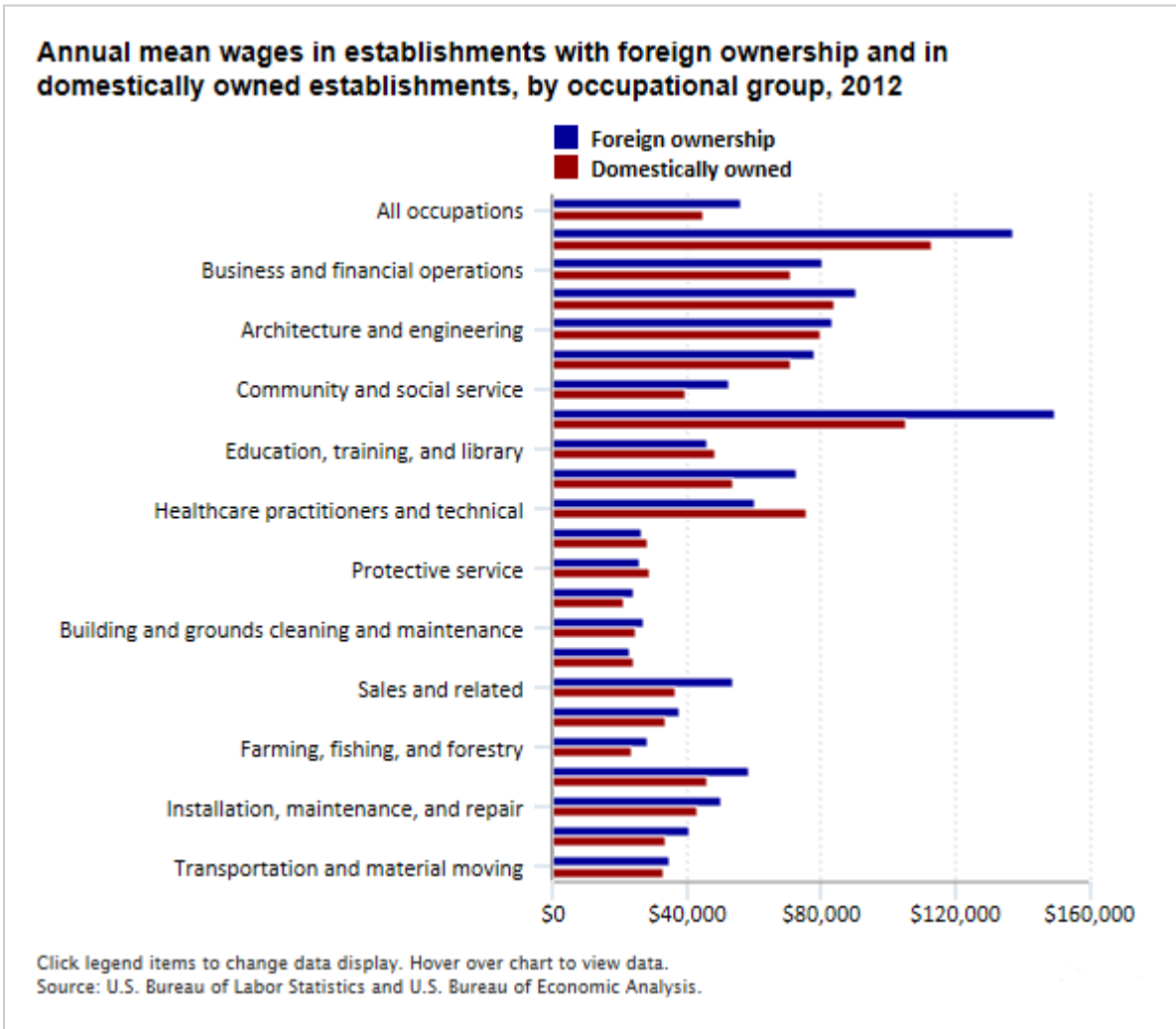
The largest occupations in domestically owned establishments also included two food preparation and serving related occupations: waiters and waitresses (2.3 million) and combined food preparation and serving workers, including fast food (2.8 million). The largest occupations in establishments with foreign ownership did not include any occupations from this occupational group. In establishments with foreign ownership, by contrast, the largest occupations included production occupations, such as team assemblers (186,880) and inspectors, testers, sorters, samplers, and weighers (70,810).



Establishments with foreign ownership had higher wages than domestically owned establishments

Establishments with foreign ownership had an annual mean wage of \$56,440 in 2012, compared with \$44,890 in domestically owned establishments. This difference is partly due to higher wages for individual occupations and partly due to differences in occupational composition. Establishments with foreign ownership had higher wages than domestically owned establishments for 17 of 22 occupational groups. Production occupations paid an average of \$6,760 more in establishments with foreign ownership. Sales and related occupations paid an average of \$17,040 more in establishments with foreign ownership, reflecting, in part, a lower share of retail salespersons and higher shares of high paying sales occupations such as wholesale and manufacturing sales representatives and securities, commodities, and financial services sales agents. Establishments with foreign ownership had significantly lower wages for protective service occupations, personal care and service occupations, and both healthcare occupational groups.

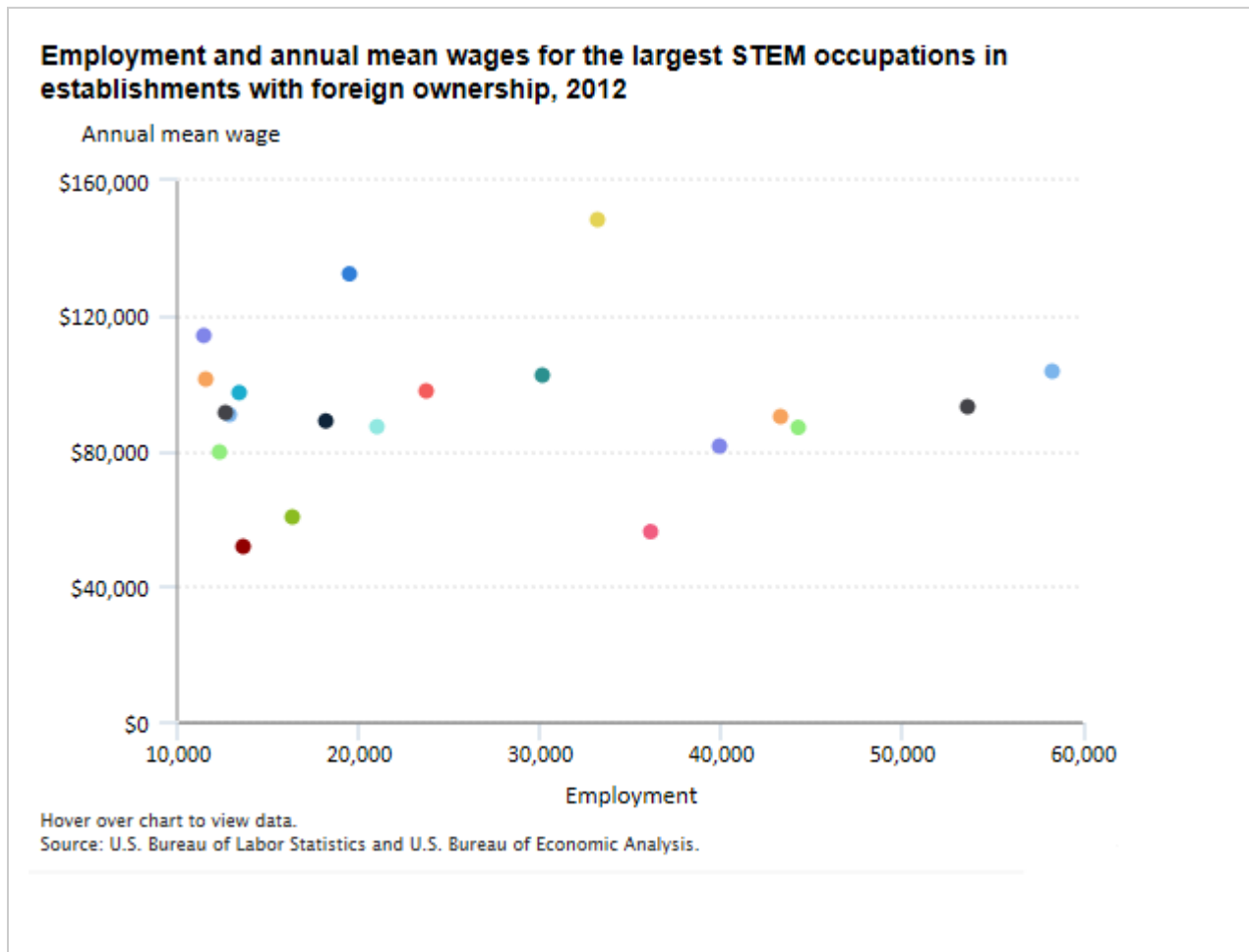
Differences in occupational composition also contributed to the higher overall annual wages in establishments with foreign ownership. Compared with domestically owned establishments, establishments with foreign ownership had higher employment shares of high-paying occupational groups such as management, computer and mathematical, and architecture and engineering occupations, and lower shares of some of the lowest paying groups, including food preparation and serving related and personal care and service occupations.



STEM occupations made up 13 percent of employment in establishments with foreign ownership

STEM (science, technology, engineering, and mathematics) occupations made up nearly 13 percent of employment in establishments with foreign ownership, compared with 6 percent of employment in domestically owned establishments. The largest STEM occupations in establishments with foreign ownership included applications software developers (58,360), wholesale and manufacturing sales representatives of technical and scientific products (53,590), mechanical engineers (44,280), and computer systems analysts (43,300).

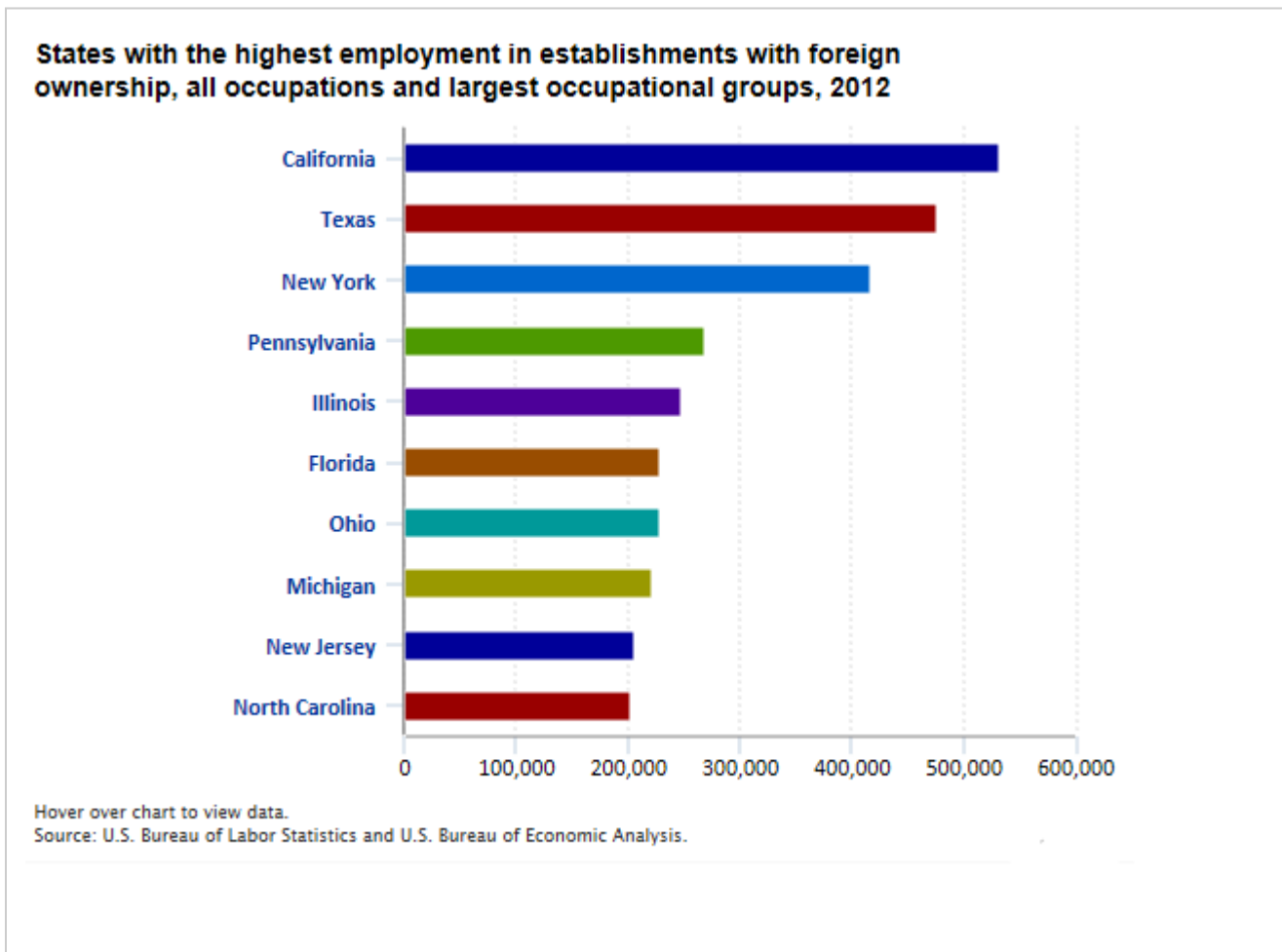
Of the STEM occupations shown in the chart, the highest paying in establishments with foreign ownership were computer and information systems managers, with an annual mean wage of \$148,330, and architectural and engineering managers, with an annual mean wage of \$132,340. The lowest paying STEM occupations in establishments with foreign ownership were chemical technicians (\$51,760) and computer user support specialists (\$56,160).



Sales was largest occupation in establishments with foreign ownership in California and New York

Sales and related occupations was among the largest occupational groups in states with the highest employment in establishments with foreign ownership. California and New York each had over 91,000 jobs in sales and related occupations in establishments with foreign ownership. Production was also among the largest occupational groups in states with the highest employment in establishments with foreign ownership. In Texas, there were 75,960 production jobs in establishments with foreign ownership. Production occupations accounted for 69,480 jobs in Michigan and 67,380 jobs in Ohio.

Although states with the highest employment in establishments with foreign ownership showed similarities in their largest occupational groups, there were also differences. In Michigan, for example, architecture and engineering occupations were among the largest occupational groups (27,630) in establishments with foreign ownership; in Ohio, installation, maintenance, and repair occupations were among the largest occupational groups (12,880) in establishments with foreign ownership.

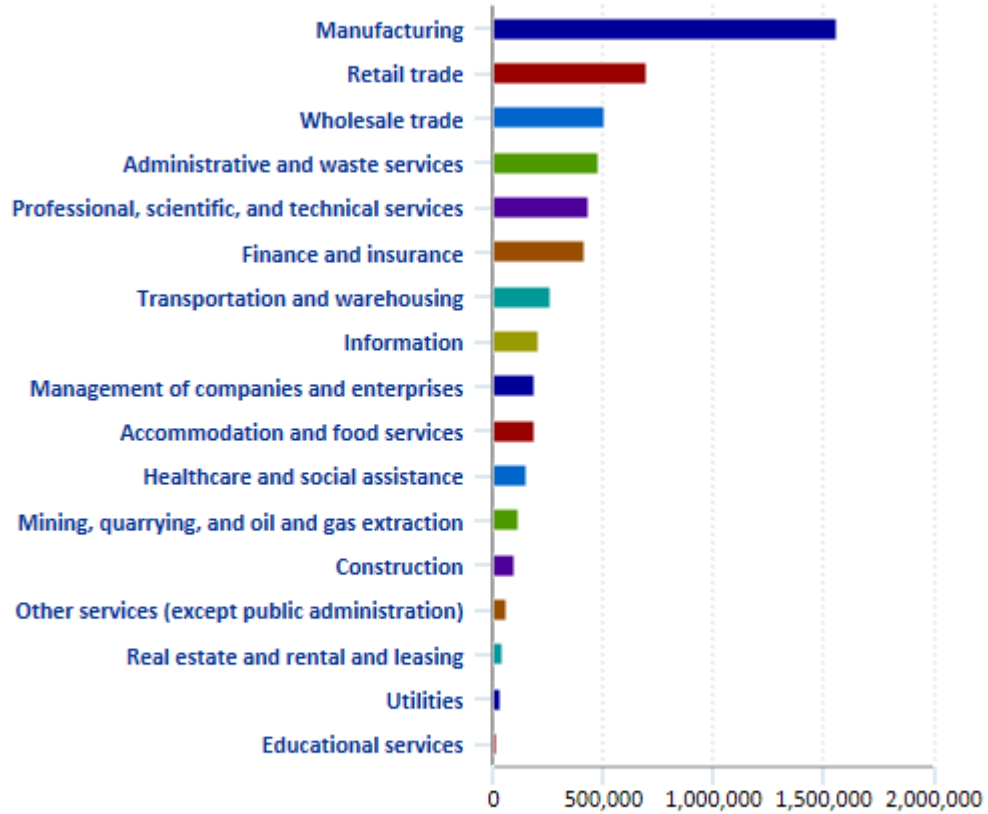


Manufacturing establishments with foreign ownership employed over 177,000 team assemblers

Production occupations represented over 845,000 of the nearly 1.6 million jobs in manufacturing establishments with foreign ownership. These production jobs included 177,150 team assemblers, 55,610 first-line supervisors of production and operating workers, and 55,100 inspectors, testers, sorters, samplers, and weighers. Sales and related occupations represented 60 percent of the jobs in retail trade establishments with foreign ownership, including cashiers (196,600) and retail salespersons (148,020). Stock clerks and order fillers (83,150) was also one of the largest occupations in retail trade establishments with foreign ownership.

In wholesale trade establishments with foreign ownership, only 28 percent of jobs were in sales and related occupations. More than half of these sales jobs were wholesale and manufacturing sales representatives who did not specialize in technical and scientific products (77,260). The largest occupations in the professional, scientific, and technical services sector—which encapsulates legal, accounting, and engineering services, among other types of services—included applications software developers (28,180), computer systems analysts (23,120), and mechanical engineers (17,810).

Employment in establishments with foreign ownership, all occupations and largest occupations, by industry sector, 2012



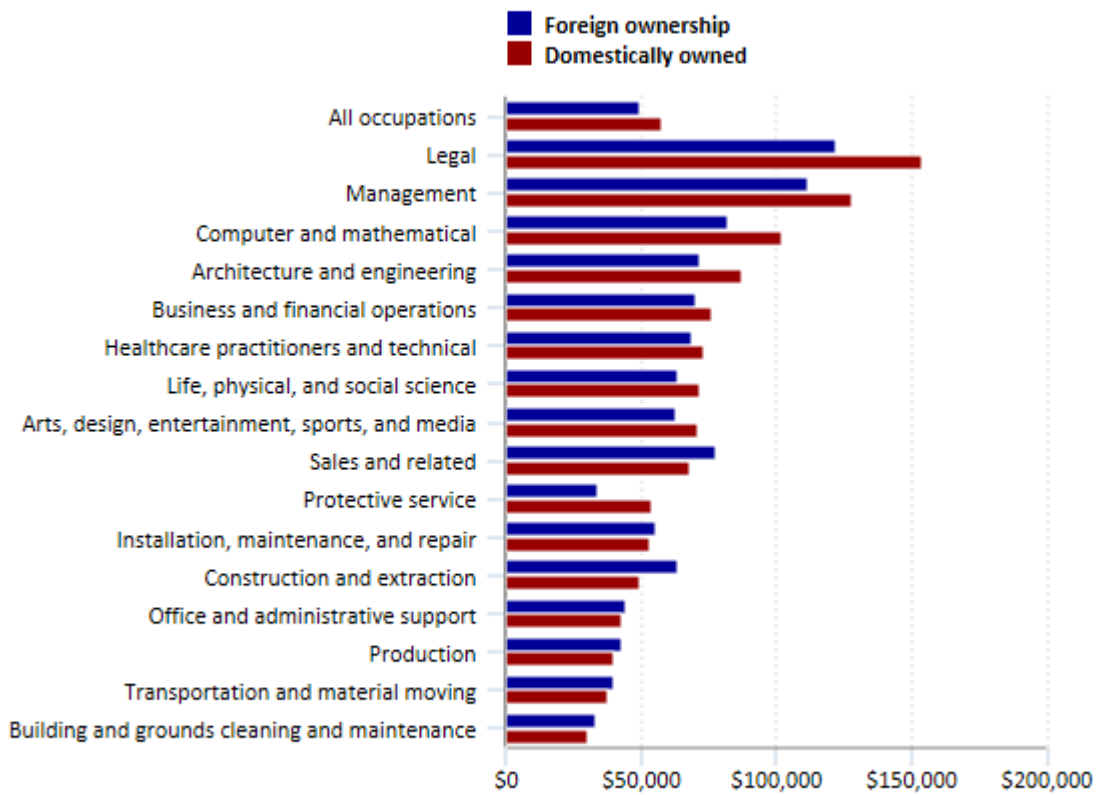
Hover over chart to view data.
Source: U.S. Bureau of Labor Statistics and U.S. Bureau of Economic Analysis.

Establishments with foreign ownership in transportation equipment manufacturing paid lower wages

The transportation equipment manufacturing industry was among the largest with foreign ownership in 2012. The annual mean wage in this industry was \$49,890 in establishments with foreign ownership, compared with \$57,570 in domestically owned establishments. In addition to having a lower overall mean wage than domestically owned establishments, establishments with foreign ownership in transportation equipment manufacturing had a more compressed wage structure, with lower wages for high-paying occupational groups like management, architecture and engineering, and computer and mathematical, and higher wages for relatively low-paying groups like production, office and administrative support, and installation, maintenance, and repair. This differs from the data for all industries combined, which showed higher wages overall and for most occupational groups in establishments with foreign ownership.

Although establishments with foreign ownership paid higher wages for production occupations than domestically owned establishments, they also had a higher share of employment in this relatively low-paying group: 68 percent, compared with 49 percent in domestically owned establishments. This difference contributed to the lower overall mean wage in transportation equipment manufacturing establishments with foreign ownership.

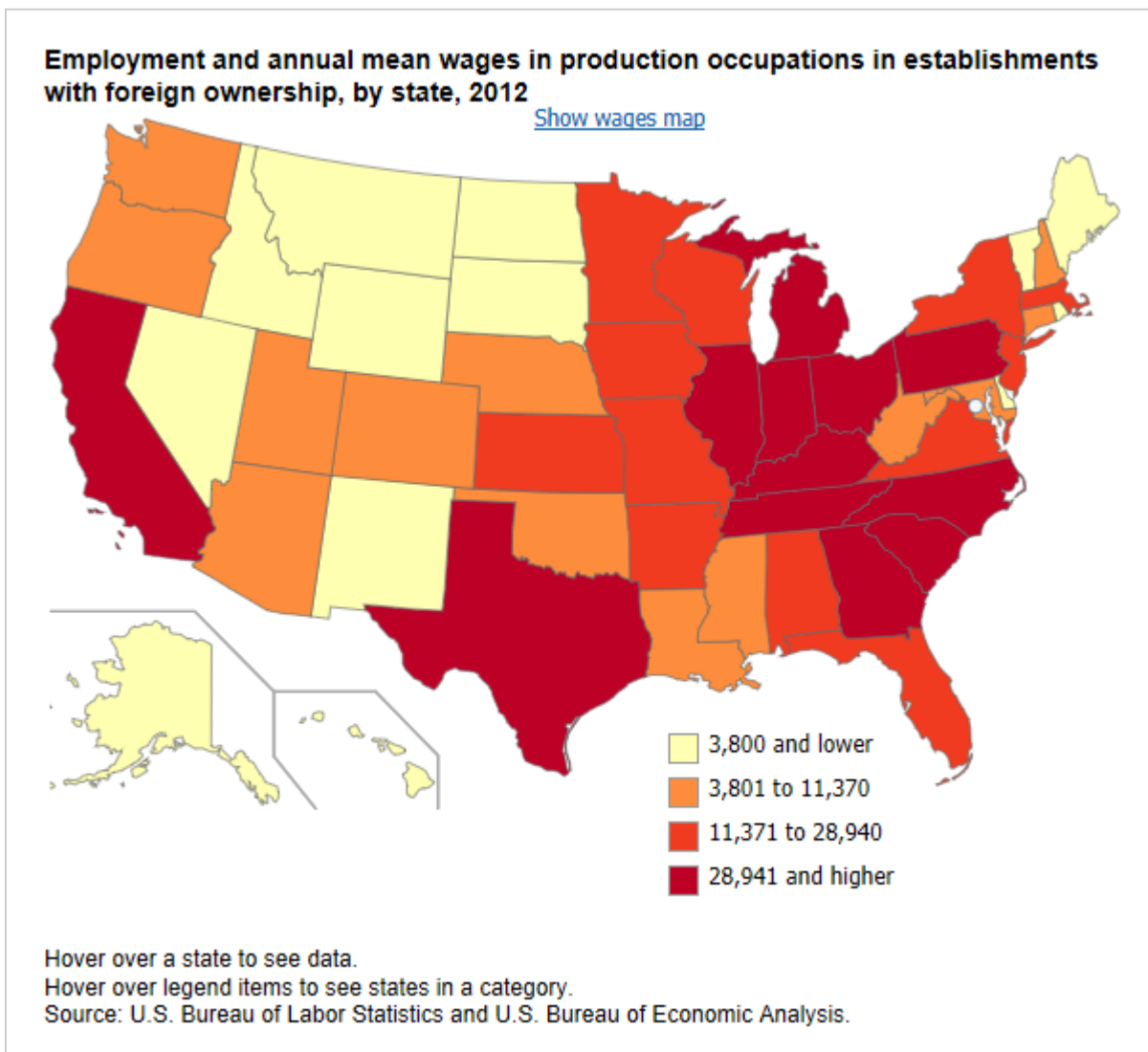
Annual mean wages in transportation equipment manufacturing for establishments with foreign ownership and domestically owned establishments, by occupational group, 2012



Click legend items to change data display. Hover over chart to view data.
 Source: U.S. Bureau of Labor Statistics and U.S. Bureau of Economic Analysis.

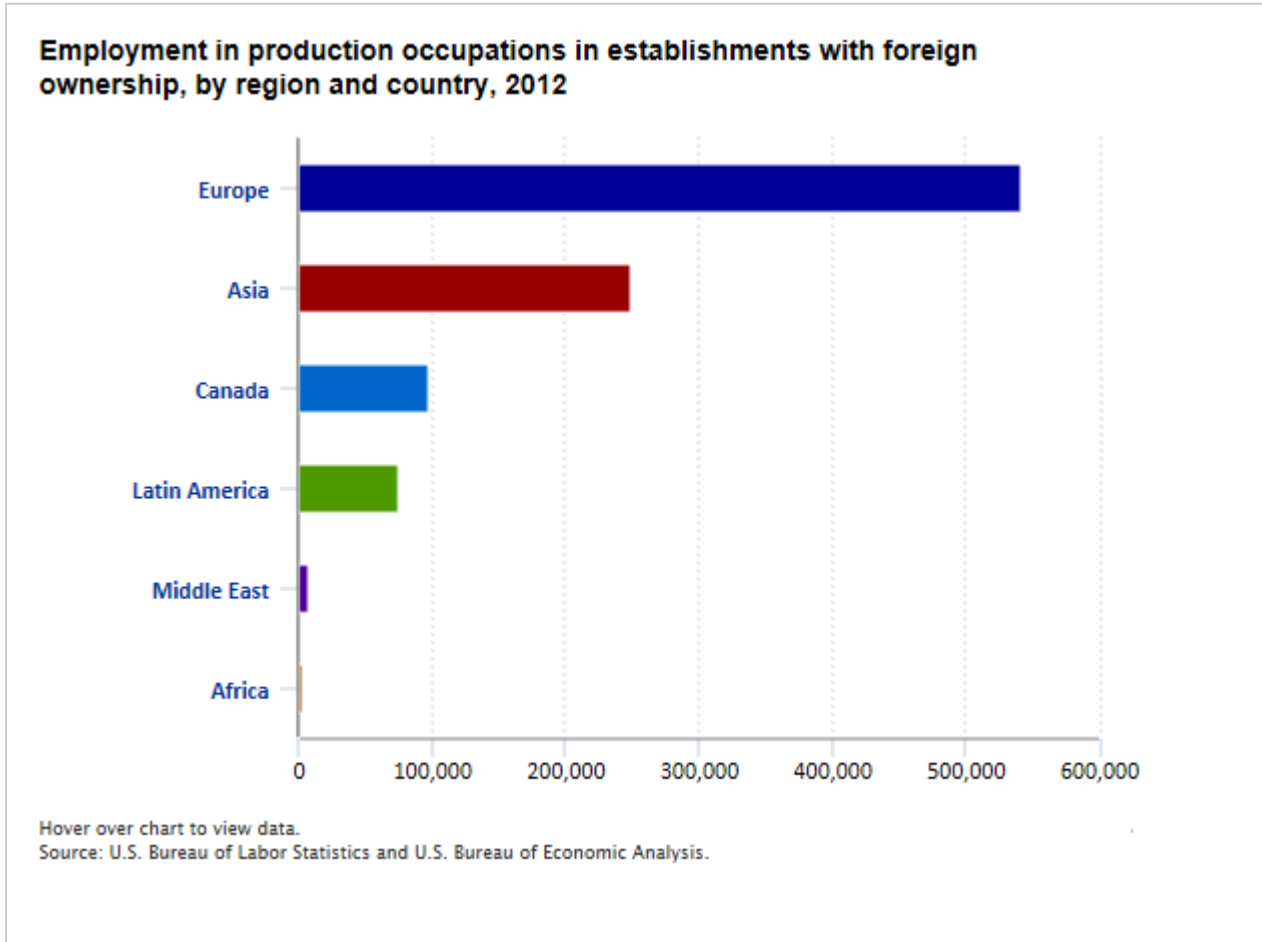
Establishments with foreign ownership paid higher wages for production occupations in 45 states

Texas (75,960), Michigan (69,480), Ohio (67,380), Indiana (63,790), and California (56,310) had the highest employment of production occupations in establishments with foreign ownership. These five states accounted for more than one-third of total production jobs in establishments with foreign ownership. Compared with domestically owned establishments, establishments with foreign ownership had significantly higher wages for production occupations in 45 of the 50 states, including the 5 states just mentioned. Wage differences between establishments with foreign ownership and domestically owned establishments may be affected by differences in the mix of high- and low-paying occupations within the production group, differences in the wages for individual production occupations, and differences in the mix of industries in which foreign and domestic owners invest.



Establishments with Japanese ownership had 193,000 production jobs

Establishments with European ownership had employment of nearly 542,000 in production occupations, accounting for the majority of production jobs in establishments with foreign ownership. Among individual European countries of ownership, Germany (101,520), the United Kingdom (95,780), and Switzerland (81,680) had the highest employment of production occupations. Establishments with Asian ownership had employment of 248,740 in production occupations. Seventy-eight percent (193,000) of these jobs were in establishments with Japanese ownership. Establishments with Canadian ownership had employment of 97,140 in production occupations, and establishments with Latin American ownership had employment of 74,570 in production occupations.



For more information

Erik Friesenhahn is an economist in the Quarterly Census of Employment and Wages, U.S. Bureau of Labor Statistics. Email: Friesenhahn.Erik@bls.gov. Stella Fayer and Audrey Watson are economists in the Division of Occupational Employment Statistics, U.S. Bureau of Labor Statistics. Email: Fayer.Stella@bls.gov and Watson.Audrey@bls.gov.

This Spotlight on Statistics presents research data on foreign direct investment (FDI). This research dataset is the result of a cooperative effort between the U.S. Department of Labor's Bureau of Labor Statistics (BLS) and the U.S. Department of Commerce's Bureau of Economic Analysis (BEA). More information about this research project and additional FDI data are available at www.bls.gov/fdi. For questions about these FDI data, please contact FDIinfo@bls.gov.

To produce this dataset, researchers used BEA's 2012 Benchmark Survey of Foreign Direct Investment in the United States to identify establishments in the BLS Quarterly Census of Employment and Wages (QCEW) that were part of companies with partial or complete foreign ownership. The QCEW database contains employment and wage information for an estimated 126.9 million workers covered by state and federal unemployment insurance (UI) legislation, representing 95.5 percent of civilian wage and salary employment.

Establishments were defined as having foreign ownership if they could be matched with a company reporting at least one foreign owner with at least 10 percent ownership in BEA's 2012 Benchmark Survey of Foreign Direct Investment in the United States. Establishments were defined as being domestically owned if they did not have at least one foreign owner with at least 10 percent ownership, or could not be well matched to a company with foreign ownership. Data for these domestically owned establishments are provided for comparison purposes. Data by region and country are based on the country of ultimate beneficial ownership (UBO). The entity at the top of the ownership chain is the UBO of the foreign-owned U.S. company. In most cases, the entity at the top of the ownership chain is a foreign entity, but sometimes it is a U.S. entity.

After establishments with foreign ownership were identified in QCEW, these same establishments were then identified in the Occupational Employment Statistics (OES) survey sample for 2011 -2013. The OES program produces employment and wage estimates for over 800 occupations, based on a survey of approximately 1.2 million business establishments collected over a 3-year period. OES data are published annually for the nation, states, and metropolitan and nonmetropolitan areas; and for approximately 415 industry classifications at the national level. The OES survey covers wage and salary workers in nonfarm establishments and does not include the self-employed and owners, partners, and proprietors of unincorporated businesses.

More information about the OES survey is available at www.bls.gov/oes/oes_ques.htm and in the technical documentation at www.bls.gov/oes/oes_doc.htm. Publicly available OES data are available at www.bls.gov/oes/.

The 2012 FDI occupational data were produced using a different methodology, a different reference period, and different survey panels from the May 2012 OES estimates, and, as a result, occupational data from the FDI research dataset are not directly comparable to the May 2012 OES data. In addition, because of differences in coverage and methodology, OES all-occupations employment in establishments with foreign ownership may differ slightly from QCEW employment in establishments with foreign ownership for a given state or industry.

Science, technology, engineering, and mathematics (STEM) occupations are defined in this Spotlight to include computer and mathematical, architecture and engineering, and life and physical science occupations, as well as managerial and postsecondary teaching occupations related to these functional areas and sales occupations requiring

scientific or technical knowledge at the postsecondary level. This is only one possible definition of STEM occupations; guidance on alternative definitions can be found at www.bls.gov/soc/2010/#crosswalks.

Related publications:

[Employment and Wages in Foreign-Owned Businesses in the United States, Fourth Quarter 1991](#)

[Occupations in Foreign-Owned Manufacturing Establishments in the United States, 1989](#)

[Domestic employment in U.S.-based multinational companies, 2011](#)