Author's reply to referee Report for: "Offshoring, job satisfaction and job insecurity"

I think that the topic of the paper is very interesting and the empirical analysis is well motivated. However, the paper needs to clarify/address several issues related to the database and the methodology used to test the main hypotheses. I list them in more detail below.

We thank the referee for his/her valuable comments and suggestions. We have followed them very closely and have produced complementary estimates to address the referee's points. We include and discuss these estimates in Section 5 of the paper, which now includes 10 instead of 6 tables. In the lines below we provide a detailed set of answers and describe how the paper has been revised to accommodate and address the referee's remarks.

Finally, please note that several sections of the paper (specially, Section 5 and the abstract) have been rewritten in order to incorporate these changes and additional robustness checks.

1)Framework: I think that one of the contributions of the paper is to analyze whether the relation between offshoring and job satisfaction or job insecurity is different depending on categories of collar, as these categories have been taken into account in previous literature about the effects of offshoring on employment and wages. In this respect, previous literature suggests that workers in 'tradable occupations' are more likely to lose than those in 'non-tradable occupations'. I guess that the information in SOEP database does not allow having a measure of the tradable task content in occupations that could be combined with the four categories of collar considered. Nevertheless, I think that at least a comment on this issue should be included in Section 2.

Thank you for pointing out this issue. Indeed, as we mention on page 5 (section 2), the model of Grossman and Rossi-Hansberg (2008) suggests that "routine tasks" are more likely to be offshored than non-routine tasks. Grossman and Rossi-Hansberg (2006) also perform an empirical exercise where they approximate the offshorable category of works by least skilled blue-collars as we do. As mentioned by the referee, the classification used in the GSOEP - International Standard Classification of Occupations (ISCO)- does not allow us to distinguish among workers performing routine tasks from others. In section 2.1, we mention that for Germany, Baumgarten et al. (2013) and Brändle and Koch (2015) have used the German Qualification and Career Survey to assign a task profile to the occupations listed in the survey they use (GSOEP and BIBB Survey, respectively). Other authors have followed similar strategy for other countries. At this stage, we have classified workers in 4 categories (high and low-skilled white and blue collars) as done by Grossman and Rossi-Hansberg (2006) among others. This classification is used as a first step because the main objective of this paper is to check if offshoring has an impact on JS and JI. This classification could be improved in the future following the approach of Baumgarten et al. (2013). We have taken into account your comment in the new version by introducing the changes detailed below.

In the second paragraph of section 2.1 ("Offshoring") and on page 6, we have extended the explanations on how other studies on Germany have dealt with this issue:

"The impact of offshoring on wages has been extensively studied in the case of Germany using different methodologies. Baumgarten et al. (2013) and Brändle and Koch (2015) have used the German Qualification and Career Survey to assign a task profile to the occupations listed in the survey they use (GSOEP and BIBB Survey, respectively). The German Qualifications and Career survey is a random sample of around one tenth of the German labor force, which contains detailed information on workplace and workers characteristics, including occupation and industry level variables [1] *. This information allows for the matching between occupations and task profiles Following this strategy, Brändle and Koch (2015) evidence that most manufacturing sectors, and many of the tasks performed in this area are both easily offshorable and outsourceable. Baumgarten et al. (2013) have linked the GSOEP to German Qualification and Career Survey to qualify properly tasks. Their findings support the hypothesis according to which offshoring would have less negative impact on wages of workers which tasks require a higher degree of interactivity and are non-routine."*

In the last paragraph of section 3.1 ("Data set and variables"), on pages 10-11, we have clarified the reasons why we use this classification. This reads:

"To test how offshoring affects job satisfaction and job security of workers performing different tasks, we group the 2-digit level codes from the International Standard Classification of Occupations (ISCO) provided in the GSOEP into four different task categories following Grossman and Rossi-Hansberg (2006) among others. This classification could be improved in the future following the approach of Baumgarten et al. (2013). Therefore, we differentiate among four task categories: , i) high skilled white collar; ii) low skilled white collar; iii) high skilled blue collar and iv) low skilled blue collar.[2] *We hypothesise low skilled blue collars to realise more routine and offshorable and as a consequence to be more affected by offshoring. "*

We have changed the last sentence of the conclusion (p24) to make clear that we are aware that categories used do not fully allow us to address this issue:

"Our approximation of workers' categories could also be refined to take into account the nature of the tasks performed, tasks that may be more or less offshorable."

In any case, I agree with the authors that it would be interesting to consider the nature of offshoring by distinguishing between service and material offshoring or, at least, between service and manufacturing sectors. In my opinion, one extra robustness check that would

[1] The task profile of German workplaces are classified according to objective and subjective information. Objective information includes the declaration of the main activity of the job and the use of workplace tools, while subjective questions refer to the worker's assessment of the skills required to perform a job and the worker's assessment of the job's requirements such as the degree of repetitiveness, the relevance of deadlines, or the adaptation to new situations.

[2] Each category corresponds to specific ISCO 88 occupation codes: i) high skilled white collar (legislators, senior officials and managers, professionals and technicians and associate professionals); ii) low skilled white collar (clerks and service workers and shop and market sales workers); iii) high skilled blue collar (skilled agricultural and fishery workers and craft and related trades workers) and iv) low skilled blue collar (plant and machine operators and assemblers and elementary occupations). Armed forces are excluded.

increase the contribution of the paper would be performing models 2a and 2b for the separate subsamples of workers in services activities and workers in manufacturing sectors.

We thank the referee for this point. We have calculated separate regressions for manufacturing (NACE 15-36) and services (NACE 40-74) activities and have included two new tables in the paper (Tables 5 and 6 in the new version of the paper). This exploratory analysis has been included as the second sensitivity check of section 5 and appears on p18. This reads:

> *"Second, we calculate separate regressions for workers employed in the manufacturing (NACE 15-36) and services (NACE 40-74) activities. Indeed, manufacturing include activities more prone to the fragmentation of production since products include a large variety of parts and components. In contrast, services include many non-tradable activities even if offshoring of some services has been facilitated by ICT in recent years. The results, reported in Tables 5 and 6, show that offshoring intensity is negatively related with JS, both in manufacturing and services industries. Within each sector we detect, in line with the general result, substantial heterogeneity of workers' sensitivity to offshoring, with those in inferior task categories being more affected by the intensity of offshoring. Still, the negative effect of offshoring upon JS is higher in manufacturing than in service activities once we control for industry fixed-effects. In this case (Model 2b) the level effect of offshoring or, in other words, the effect of offshoring for the reference individual (a high skilled white-collar worker) is negative, high and significant, suggesting that all workers in manufacturing activities are affected by offshoring regardless of their task category. In terms of JI, the results confirm previous findings and no remarkable differences emerge. Once we include the industry dummies and industry-year fixed effects, the estimates of the offshoring effect fail to be statistically significant and we detect no difference between tasks.*

Table 5. Job Satisfaction and offshoring, by activity

	Manufacturing				Services			
	Model 2a		Model 2b		Model 2a		Model 2b	
	coefficient	t	coefficient	t	coefficient	t	coefficient	t
Ln(Income)	0.058 **	1.82	0.059 **	1.85	0.136 ***	6.15	0.135 ***	6.10
Offshoring	-0.131	-1.03	-0.160 **	-2.02	0.019	0.54	-0.012	-1.08
Offshoring × low skilled white collar	-0.009	-0.69	-0.022 ***	-3.23	-0.024 **	-2.32	-0.024 **	-2.26
Offshoring × high skilled blue collar	-0.012	-0.98	-0.033 ***	-3.67	-0.037 **	-2.03	-0.041 **	-2.21
Offshoring × low skilled blue collar	-0.025 **	-1.98	-0.042 ***	-4.66	-0.049 ***	-2.88	-0.052 ***	-2.99
Fixed effect industry	no		yes		no		yes	
Fixed effect year	yes		yes		yes		yes	
Fixed effect state	yes		yes		yes		yes	
R^2 - within	0.049		0.049		0.036		0.036	
No. of obs	26,917		26,917		42,816		42,816	

Notes to Table 5: i) Source: German SOEP 2000-2013 waves; ii) *** denotes significant at the 1% level, ** denotes significant at the 5% level; * denotes significant at the 10% level; iii) The results are controlling for contract duration, age, tenure, working hours, schooling, number of adults and children, marital and health status; iv) The reference individual has a permanent contract, is married, is a high skill white collar worker, has a good health status, average income, age, tenure, hours of work, years of schooling, number of adults and children at home and is exposed to average offshoring levels.

Table 6. Job Insecurity and offshoring, by activity

	Manufacturing				Services			
	Model 2a		Model 2b		Model 2a		Model 2b	
	coefficient	t	coefficient	t	coefficient	t	coefficient	t
Ln(Income)	-0.013	-0.96	-0.013	-0.98	-0.007	-0.86	-0.007	-0.86
Offshoring	0.044	1.39	0.046	1.38	0.022	1.59	0.008	0.39
Offshoring × low skilled white collar	-0.003	-0.50	-0.003	-0.51	-0.002	-0.60	-0.002	-0.57
Offshoring × high skilled blue collar	-0.004	-0.77	-0.004	-0.79	0.001	0.20	0.001	0.09
Offshoring × low skilled blue collar	-0.001	-0.27	-0.001	-0.26	-0.002	-0.30	-0.002	-0.25
Fixed effect industry	no		yes		no		yes	
Fixed effect year	yes		yes		yes		yes	
Fixed effect state	yes		yes		yes		yes	
R^2 - within	0.048		0.048		0.024		0.024	
No. of obs	26,917		26,917		42,816		42,816	

Notes to Table 6: i) Source: German SOEP 2000-2013 waves; ii) *** denotes significant at the 1% level, ** denotes significant at the 5% level; * denotes significant at the 10% level; iii) The results are controlling for contract duration, age, tenure, working hours, schooling, number of adults and children, marital and health status; iv) The reference individual has a permanent contract, is married, is a high skill white collar worker, has a good health status, average income, age, tenure, hours of work, years of schooling, number of adults and children at home and is exposed to average offshoring levels.

Accordingly, we have modified a sentence of the conclusion section (last paragraph), to indicate that:

> *"We found evidence to suggest that the JS of individuals working in manufacturing activities is more sensitive to offshoring intensity than the JS of workers from the service sector. However, service offshoring is growing, especially in business services that complement the fabrication process of manufacturing products. These complex changes deserve further attention."*

2)Database: It should be clarified whether women are part of the individuals in the sample. The information in page 9 indicates that the sample includes male full-time employees of prime age. However, summary statistics in Table 1 show that women account for 46.8% of the sample. From my view, if women are not part of the final sample, the authors should justify whether this generates a bias in the estimates. If women are in fact included, the gender dimension should also be considered for the estimates.

This sentence is clearly our mistake and was borrowed from a previous version of the paper. The sample used in the paper includes both men and women. The reference to "male" employees has been deleted from the sentence on page 9.

In earlier versions of the paper we calculated separate regressions for men and women. However, in the different specifications used in the paper, we did not detect remarkable gender differences. Still, we agree with the referee that providing separated results by gender is illustrative and provides a more differentiated view. Following the referee's indication, the new version of the paper includes a fifth robustness check on page 20 in Section 5 and reports results by gender in Table 9. It reads:

> *"Our fifth robustness check consists in presenting separate results by gender to examine whether men and women are affected to different extents by offshoring. The*

results in Table 9 correspond to the model with the full set of industry controls (2b). We do not find remarkable differences across genders. The results confirm substantial heterogeneity among the different categories of workers, with high skilled white collars being the unique category unaffected by offshoring regardless of the gender. Still, we find that differences across categories of workers are larger among women, with women in blue-collar occupations being more severely affected by offshoring activities. In terms of JI, the results are almost identical across genders and broadly supportive of the general result that JI is not dependent upon offshoring activities. Table 9. Job satisfaction, job insecurity and offshoring, by gender

Table 9. Job satisfaction, job insecurity and offshoring, by gender

	Job satisfaction				Job insecurity			
	Men		Women		Men		Women	
	coefficient	t	coefficient	t	coefficient	t	coefficient	t
Ln(Income)	0.137 ***	7.21	0.133 ***	6.84	0.001	0.16	0.005	0.63
Offshoring	-0.003	-0.07	-0.028	-0.66	0.001	0.03	-0.002	-0.16
Offshoring × low skilled white collar	-0.023 **	-2.26	-0.023 **	-2.48	-0.008	-0.66	0.003	0.79
Offshoring × high skilled blue collar	-0.028 ***	-2.92	-0.083 ***	-4.00	0.000	-0.11	0.005	0.66
Offshoring × low skilled blue collar	-0.034 ***	-3.25	-0.066 ***	-4.05	-0.002	-0.50	0.003	0.46
Fixed effect industry	yes		yes		yes		yes	
Fixed effect year	yes		yes		yes		yes	
Fixed effect state	yes		yes		yes		yes	
R^2 - within	0.044		0.049		0.036		0.036	
No. of obs	36,483		33,250		36,483		33,250	

Notes to Table 9: i) Source: German SOEP 2000-2013 waves; ii) *** denotes significant at the 1% level, ** denotes significant at the 5% level; * denotes significant at the 10% level; iii) The results are controlling for contract duration, age, tenure, working hours, schooling, number of adults and children, marital and health status; iv) The reference individual has a permanent contract, is married, is a high skill white collar worker, has a good health status, average income, age, tenure, hours of work, years of schooling, number of adults and children at home and is exposed to average offshoring levels.

3) Econometric methodology: I understand the reasons for using POLS in the estimation of the equation for job insecurity. However, I think that, in the case of job insecurity, it would be better to show the results from a probit or logit model that takes into account the binary nature of the dependent variable. Marginal effects can be easily computed and the authors could also provide information about the percentages of correctly predicted zeros and ones.

There are two reasons why we chose a continuous formulation of the job insecurity variable (POLS). The first one is motivated by the fact that job satisfaction is based on POLS, a linear estimator. Switching to a non-linear model when it comes to job insecurity would introduce a source of divergence and hamper the comparability of the results just because of the non-linear component of the estimation. Second, we must note that our estimates are panel, fixed-effects estimates. In a panel, fixed effects setting bivariate models tend to be biased. Specifically, the fixed effects maximum likelihood estimator is inconsistent when T, the length of the panel is fixed (Greene, W., 2004, "The behaviour of the maximum likelihood estimator of limited dependent variable models in the presence of fixed effects", Econometrics Journal, volume 7, pp. 98–119). We are aware that linear models present also their limitations, but in line with the

literature on well-being and satisfaction equations we believe, in our humble opinion, that they are preferable in the present context.

4)Results: Some of the unexpected effects obtained in the estimations could be explained by correlations among explanatory variables. For example, I would expect a positive correlation between age and tenure, and a negative correlation between tenure and temporary. Is this so? Having this information would help to interpret the results.

The referee is fully right. The correlation between age and tenure in the data is positive, 0.56. while the correlation between temporary and tenure is negative, -0.33. Although these values are relatively moderate, they suggest that some coefficients might change once some of these variables are removed from the specification.

We have assessed the robustness of the estimates to inclusions/exclusions of these variables in the different specifications used in the paper and find that the beta coefficients are relatively stable. To illustrate this, in the table below we estimate the benchmark model with interactions between offshoring and worker category and industry controls (Model 2b) after excluding the variable tenure. These results can be compared, therefore, with those in the last column of tables 2 and 3 of the paper. Overall, we detect small variations in the beta coefficients. We have repeated this exercise excluding age, and similar results emerged.

Table R1. JS and JI – no control for tenure

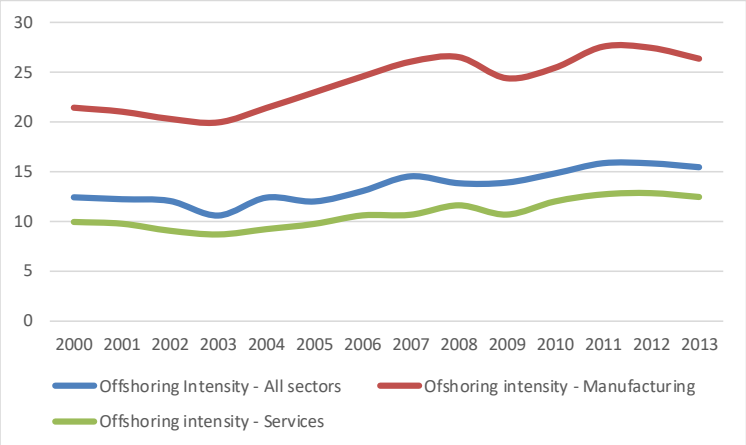
	JS		JI	
	coefficient	t	coefficient	t
Ln(Income)	0.119 ***	9.31	0.006	1.16
Offshoring	0.003	0.11	-0.004	-0.41
Offshoring × low skilled white collar	-0.019 ***	-2.85	-0.002	-0.71
Offshoring × high skilled blue collar	-0.041 ***	-4.86	0.004	1.14
Offshoring × low skilled blue collar	-0.041 ***	-4.77	0.000	0.07
Temporary	0.010	0.43	0.110 ***	20.7
Ln(age)	-5.594 ***	-3.11	-0.122	-0.18
$Ln(age)^2$	0.944 ***	2.74	0.030	0.23
Ln(working hours)	-0.065 ***	-3.19	0.005	0.66
Ln(years of schooling)	-0.332 ***	-2.45	0.246 ***	4.81
Ln(adults)	0.006	0.29	0.013	1.52
Ln(children)	0.027 **	1.99	-0.008	-1.51
Single	-0.034	-1.58	-0.009	-1.07
Divorced	-0.059 ***	-2.52	0.002	0.24
Widowed	0.018	0.29	-0.039 *	-1.69
Bad health	-0.311 ***	-23.4	0.028 ***	5.72
Fixed effect industry	yes		yes	
Fixed effect year	yes		yes	
Fixed effect state	yes		yes	
R^2 - within	0.041		0.026	
No. of obs	69,733		69,733	

5)I agree with the authors that temporary workers are frequently used as a channel to buffer negative economic shocks and, therefore, they might face stronger job insecurity in case employers adjust to globalization pressure. To explore this issue, the authors expand their specification with interactions between offshoring, temporary contracts and workers' categories. With this specification, they intend to test whether offshoring affects differently

workers with a temporary contract. However, this specification does not allow capturing whether temporary workers react differently to the offshoring intensity depending on the phase of the business cycle (the inclusion of year fixed effects in models 1b and 2b is not enough). In this regard, much more information is needed about the evolution of the main variables during the period considered for the analysis. Have been the average year-to-year changes in offshoring intensity similar before and after the beginning of the crisis? And between services and manufacturing sectors?

We thank the referee for this point and the next one because they have led us to complementary and interesting estimates. Following the referee's comments, firstly we have examined the evolution of the offshoring variable over the sample period. We have also discriminated between manufacturing and services activities. We found that offshoring intensity i) rose over the period, at an average yearly rate of about 1.9%; ii) this increase was slightly higher in services activities (2.0%) than in manufacturing activities (1.8%); iii) increased at a higher rate during the pre-crisis (2000-2007) period than during the crisis (2008-2013) period (2.5% against 1.1% in yearly terms).

Figure 1. Evolution of offshoring intensity between 2000 and 2013



Source: German SOEP 2000-2013 waves and own calculations

Secondly, we have included this graph in Section 5 of the current version of the paper. Then, we have examined whether the offshoring effects vary over the economic cycle (see the next point).

The results in Table 5 suggest that there are not find significant differences among temporary and permanent workers regarding the offshoring effect. Given this result, I would also try a different specification that, instead of introducing interactions between offshoring, temporary contracts and categories, allows for interactions between offshoring, temporary contracts and a dummy for the crisis period. Alternatively, estimates in Table 5 could be repeated separately for the period prior to the crisis and for the years of downturn. These estimates would allow analyzing whether the relations among the key variables are moderated/qualified by the phase of the economic cycle.

This is an insightful remark that we really appreciate. This exploration has proven to be fruitful insofar as we found a significant difference in the offshoring effect depending on the business

cycle. This exploratory analysis has been included as the fourth sensitivity check of section 5 on p19, and reads:

> *"*Fourth, offshoring intensity is not constant over time and may be subject to macroeconomic shocks. Moreover, the effects of offshoring intensity upon workers' life and job conditions may differ over the economic cycle.[3] If increases in globalization pressure worsen worker's employment opportunities, bargaining power and turnover rates, it is likely that these effects are more intense during economic downturns. In Figure 1 we depict the evolution of the offshoring variable over the sample period, discriminating between manufacturing and services activities. Offshoring intensity i) rose over the period, at an average yearly rate of about 1.9%; ii) this increase was slightly higher in services activities (2.0%) than in manufacturing activities (1.8%); iii) increased at a higher rate during the pre-crisis (2000-2007) period than during the crisis (2008-2013) period (2.5% against 1.1% in yearly terms).
>
> To explore whether these variations impact workers differently depending on the economic cycle, we define a dummy variable that takes value one if the yearly observation corresponds to the crisis period (2008-2013) and zero otherwise, and interact this variable with offshoring intensity and temporary contracts.[4] This full set of interactions terms allows us to examine whether the effects of offshoring are more intense during critical periods and whether temporary workers are more or less sensitive to the cyclical effect. The results, reported in Table 8, show that even after including industry and years controls, JS is more sensitive to offshoring intensity during an economic crisis. This is an interesting result, insofar as it suggests that the offshoring-JS relationship is asymmetric and dependent upon the business cycle. This notion is confirmed by the last two columns of Table 8. These show that increases in offshoring intensity increase the perceived JI during economic declines. We interpreted the benchmark estimates reported in the previous section of the paper as evidence that offshoring shocks do not lead to job separations, and suggested that workers performing offshorable tasks may suffer from wage cuts instead of job separations. However, the results in Table 8 suggest that this is only the case during recovery periods or, in other words, that offshoring shocks during economic declines are perceived as a real threat by workers.
>
> The results in Table 8 also confirm the previous finding that there are no significant differences among temporary and permanent workers regarding the offshoring effect, even after controlling for the economic cycle. The fact that the effect of offshoring upon JS differs among the different categories of workers is also robust to the inclusion of controls for the economic cycle."

[3] We thank an anonymous referee for this valuable insight.

[4] A more restricted crisis period, 2008-2010, when average Germany's GDP growth rate was relatively lower, produced similar results. These estimations are available upon request.

Table 8. Job satisfaction, job insecurity, offshoring and economic crisis

	Job satisfaction				Job insecurity			
	Model 2a		Model 2b		Model 2a		Model 2b	
	coefficient	t	coefficient	t	coefficient	t	coefficient	t
Ln(Income)	0.128 ***	9.49	0.131 ***	9.67	0.006	1.08	0.005	0.99
Temporary	0.004	0.08	0.016	-0.31	0.133 ***	6.68	0.135 ***	6.72
Offshoring	0.013	0.81	-0.022	-0.73	0.006	1.05	-0.006	-0.57
Offshoring × crisis	-0.063 ***	-5.10	-0.060 ***	-4.88	0.023 ***	5.05	0.023 ***	4.97
Offshoring × temporary	-0.007	-0.29	0.006	0.24	0.000	-0.05	-0.001	-0.12
Offshoring × temporary × crisis	0.014	1.22	0.012	1.07	-0.012	-0.88	-0.012	-0.86
Offshoring × low skilled white collar	-0.024 ***	-3.57	-0.021 ***	-3.20	-0.001	-0.53	-0.001	-0.58
Offshoring × high skilled blue collar	-0.032 ***	-3.75	-0.036 ***	-4.15	0.001	0.27	0.001	0.31
Offshoring × low skilled blue collar	-0.040 ***	-4.59	-0.042 ***	-4.82	0.000	0.12	0.000	0.05
Control for crisis period	yes		yes		yes		yes	
Fixed effect industry	no		yes		no		yes	
Fixed effect year	yes		yes		yes		yes	
Fixed effect state	yes		yes		yes		yes	
R^2 - within	0.041		0.042		0.026		0.026	
No. of obs	69,733		69,733		69,733		69,733	

Notes to Table 8: i) Source: German SOEP 2000-2013 waves; ii) *** denotes significant at the 1% level, ** denotes significant at the 5% level; * denotes significant at the 10% level; iii) The results are controlling for contract duration, age, tenure, working hours, schooling, number of adults and children, marital and health status; iv) The reference individual has a permanent contract, is married, is a high skill white collar worker, has a good health status, average income, age, tenure, hours of work, years of schooling, number of adults and children at home and is exposed to average offshoring levels.

Minor comments:

- The meaning of sub-indexes in equations should be explicit. For instance, I understand that, in equation (1), sub-index "i" corresponds to individuals. However, it is confusing that this sub-index also applies to the offshoring intensity, which is measured at the industry level.

Following the referee's comment, in the current version of the paper we refer directly to JS (Eq. 1) and JI (Eq. 2) on page 11 and state explicitly the meaning of sub-indexes *i* and *t.* For instance, now we present Eq (1) by referring that:

"Job satisfaction is assumed to be a function of individual and job characteristics,

$$JS_{it} = f\left(Y^*(X_{it}, O_{it-1}, \varepsilon_{it})\right) \qquad (1)$$

where JS_{it} denotes job satisfaction of individual i at time t."

And proceed likewise with Eq (2) for job insecurity.

As for O_{it-1}, the index is calculated at the industry level, as the referee points out. We feel that adding a superindex to denote industry level offshoring for individual *i* working in industry *h* (ex: O_{it-1}^{h}) would add extra complication to the notation used in the paper. Still, following the referee's remark, we have added a clarification in the current version of the paper, which now states that "O_{it-1} is the offshoring intensity of the industry in which individual *i* worked in t-1".

- In page 13, the authors say that "a well-determined coefficient on the type of task-offshoring interaction term δ would imply that the effects of offshoring differ between individuals with

permanent and fixed-term contracts". However, I cannot find any interaction term with coefficient δ in equation (4), nor any variable related to the fixed-term contracts. I guess that this interaction term corresponds to the (not displayed) specification used in the second sensitivity check performed in Section 5. Is this so?

The referee is fully right and aware of our unfortunate sentence. We very much apologize for this mistake. In page 13 we are focusing on the offshoring-type of task interaction term, which is "γ", not "δ". Therefore, the correct sentence should be:

"A well-determined coefficient on the type of task-offshoring interaction term γ would imply that the effects of offshoring differ between individuals performing different tasks."

We have amended this mistake in the current version of the paper and thank the referee for pointing this mistake out to us.

(Later on, in Section 5, as the referee indicates we investigate the interactions between temporary contract and offshoring).

- In Table 2, the coefficient of offshoring in Model 1b shows **. However, in page 15 the authors affirm that in this case 'the estimate of the offshoring fails to be statistically significant', which is consistent with the value of the t statistic (-1.22) of the coefficient in Table 2.

The asterisks are misleading. We apologize for this typo. The t-statistic is 1.22 and the coefficient is not significant. We edited the tables manually and during the process we pasted those asterisks in the wrong place. We have doubled checked that the asterisks on the tables in the current version of the paper are correct and consistent with the t-statistics of the model.