

## TERESA FORT

1811 Metzert Road, Apt. 901

Adelphi, MD 20783

Phone: (703) 727-8890

Email: [fort@econ.umd.edu](mailto:fort@econ.umd.edu) Website: [www.econ.umd.edu/~fort](http://www.econ.umd.edu/~fort)

### EDUCATION

- Ph.D. Economics, University of Maryland, College Park, expected May 2012
- M.A. Economics, University of Maryland, College Park, MD, 2008
- B.A. Economics, French minor, (with distinction) University of Virginia, 2000

### DISSERTATION

*"Firms' Organization of Global Production: Theory and Evidence"*

Committee: Prof. John Haltiwanger (Co-Chair), Prof. Nuno Limão (Co-Chair), Prof. John Shea

### FIELDS OF SPECIALIZATION

Primary: International Trade, Industrial Organization

Secondary: Applied Microeconomics, Political Economy

### PAPERS

"Breaking Up Is Hard To Do: Why Firms Fragment Production Across Locations," *Job Market Paper*  
Presentations: *Midwest Trade Conference* (November 2011), *European Trade Study Group*  
(September 2011), *Georgetown Center for Economic Research* (June 2011), *Rocky Mountain*  
*Empirical Trade Conference* (May 2011), *International Industrial Organization Conference*  
(April 2011), US Census Bureau (December 2010)

"Foreign Direct Investment, Outsourcing, and Firm Productivity Conferment"

Presentations: U.S. Census Bureau (April 2009)

"Who Creates Jobs and When: How Firms Respond to Business Cycles and Credit Conditions,"  
with John Haltiwanger, Ron Jarmin and Javier Miranda

Presentations: *Census Research Data Center Conference* (November, 2010)

"Firms' Motives for Foreign Mergers and Acquisitions and Their Domestic Employment Effects"  
with Wenjie Chen, *work in progress*

### TEACHING EXPERIENCE

*Instructor*, International Economics, University of Maryland, Summer 2009 and 2010

*Instructor*, Introduction to STATA for graduate students, University of Maryland, Fall 2009, 2010, 2011

### RESEARCH EXPERIENCE

*Research assistant*, Professor John Haltiwanger, U.S. Census Bureau, Fall 2007-present

*Research assistant*, Dr. Norman Loayza, World Bank, Summer 2008

*Research assistant*, Princeton Economics Group, Princeton, NJ, June 2004-July 2006

### AWARDS

Top Ph.D. submission, Rocky Mountain Empirical Trade Conference, May 2011

Second prize, 3<sup>rd</sup> year paper competition, Department of Economics, University of Maryland, 2009

Jacob K. Goldhaber Award, for travel to conference, Fall 2011

International Conference Student Support Award, Fall 2011

Graduate Fellowship, University of Maryland, 2006-2007

Dean's List, University of Virginia, all semesters

**REFERENCES**

Prof. John Haltiwanger	University of Maryland	<a href="mailto:haltiw@econ.umd.edu">haltiw@econ.umd.edu</a>	(301) 405-3504
Prof. Nuno Limão	University of Maryland	<a href="mailto:limao@econ.umd.edu">limao@econ.umd.edu</a>	(301) 405-3508
Prof. John Shea	University of Maryland	<a href="mailto:shea@econ.umd.edu">shea@econ.umd.edu</a>	(301) 405-3491

**THESIS ABSTRACT**

*Part I: Breaking up is hard to do: Why firms fragment production across locations.* [Job market paper]

It is increasingly common for firms to break up their production process across different regions and countries. While the existing literature credits improvements in communication technology with enabling fragmentation, there is almost no empirical evidence on the determinants of firms' sourcing strategies. I provide such evidence by constructing a new fragmentation dataset based on U.S. manufacturing plants' decision to contract for manufacturing services from domestic or foreign suppliers in 2007. The data provide a rich set of stylized facts that show fragmentation: (i) is 13 times more prevalent from domestic than foreign suppliers; (ii) is done mostly by larger and more productive plants; and (iii) varies substantially within industries.

I incorporate these new facts into a model of heterogeneous firms that decide where to locate the various stages of their production process. Firms fragment production to access cheaper labor, but breaking up production is costly. Firms incur a fixed cost to establish a supply network and additional per-task costs to coordinate production and transport inputs. The fixed costs deliver standard productivity sorting predictions, while the marginal costs add a new dimension of heterogeneity in firms' organization of production. In particular, firms with access to better communication technology, or in locations closer to their potential suppliers, will find fragmentation relatively more profitable. The model also shows that firms in high wage locations have more to gain from fragmentation, while firms in low wage states must offshore to access cheaper wages.

Guided by the theory, I estimate the relative importance of labor cost savings, technology, and distance to suppliers in a plant's decision to fragment production. The estimates indicate that plant use of electronic networks (as a proxy for communication technology) is associated with an 18 percentage point increase in the probability of fragmentation, and a ten point increase in the probability of locating fragmented production offshore. While wage differences and distance to suppliers also have statistically significant relationships with plants' sourcing strategies, communication technology accounts for five times more of the explained variation than wages and distance combined. In contrast, for the decision about how *much* to offshore, wage differences are relatively more important than distance, and technology explains almost none of the observed variation. Because plant technology may be endogenous, I estimate the differential impact of plants' use of electronic networks on fragmentation in industries whose production process can be codified electronically more easily. As expected, plant use of electronic networks has a bigger impact on fragmentation in industries that are better able to specify production processes electronically. However, plants that use networks in industries with high electronic codifiability are less likely to locate their fragmented production offshore. Estimates from firm-country level import data suggest that successful electronic communication depends upon suitable technology in the sourcing location. The results support the premise that technology facilitates production fragmentation, but uncover substantial heterogeneity in technology's effectiveness across firms, industries, and sourcing locations.

*Part II: Foreign direct investment, outsourcing, and firm productivity conferment*

A firm's decision on whether to procure inputs from inside or outside the firm is often believed to depend on hold-up problems that arise from incomplete contracts and a firm's ability to pay higher the fixed costs of integration. This paper investigates a new determinant of firms' vertical integration decision: the ability to transfer productivity to new plants. High productivity firms will be more likely to integrate production when they have a higher probability of transferring their productivity to their affiliates. I use U.S. establishment-level data to estimate an industry measure of productivity conferment and assess the relationship between the share of intra-firm imports and productivity conferment. Consistent with a productivity transfer motive, an increase in industry productivity conferment is associated with a higher share of intra-firm imports.

**ADDITIONAL INFORMATION**

Languages: English (native), Spanish (native), French (fluent), Russian (basic)  
 Citizenship: United States      Gender: Female