

Defining and Measuring Investment in Organisational Capital: Using US Microdata to Develop a Task-based Approach

This work seeks to quantify investment in Organisational Capital (OC) by looking at the task content of occupations. It relies on the literature suggesting OC to be embodied in a firm's workforce and defines OC as those tasks performed by employees -irrespective of their occupational titles- likely to affect a firm's medium to long-term functioning. Using US Occupational Information Network (O*NET) data, it operationalises the task-based definition and identifies 84 occupations, including 22 managerial occupations, performing OC related tasks. Employment and earnings data from the US are used to calculate investment in OC at macro and 2-digit sectoral levels. Estimates suggest that previous measures seemingly underestimated investment in OC at the macro level, and that large sectoral differences exist. Manufacturing shows significant own-account investment in OC relative to the value added it generates. Services appear as larger purchasers of OC from external sources, relative to own-account investment. Building on the insights of the labour mobility literature about the disruptive effect of (voluntary) job separations, this work uses employee tenure and turnover data for the US to obtain sector specific depreciation rates. Estimates mainly range between 10% and 25% and suggest that OC depreciates more slowly than previously assumed.

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