Technological progress has reduced transaction costs and increased economic integration between countries. This process of globalization resulted in further fragmentation of the production process and in more specialization. Most economic models predict that this increases global productivity and welfare. This dissertation studies the effects of globalization at detailed aggregation levels, taking firms, workers and specific products as the central units of observation. It makes extensive use of microdata on Dutch firms and workers. Being a small open economy, the Netherlands is a particularly interesting case to study the consequences of various dimensions associated with globalization, such as barriers to trade, the impact of outsourcing on firm productivity and unemployment risk, and the impact of ethnic diversity on firm productivity. The results of this dissertation emphasize the importance of heterogeneity and the aggregation level for properly understanding the consequences of globalization.

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