

## Research Summary

### Entry of Japanese Firms and the Impact on China's Economic Growth

Although I suffered from the Sichuan earthquake with a broken arm and some serious health problems of my family members, this research project has been executed roughly as the proposal and we have a related paper published in the refereed English journal *Economic Systems* and we are working on one more paper for some other journal at this stage.

With investigating 11,460 firms in different regions, we find that the entry of Japanese firms is positive on economic development of China. Entries of Japanese firms can promote innovations, bring about technology diffusions, wipe out the inefficient firms and reallocate resources. The entries of Japanese multinationals contribute to the Chinese economic development.

We survey the literature and show that our research on the entries of Japanese firms to China contributes to the booming literature of firm entries, which sheds lights on entries of multinational firms to a foreign country. The existing literature argues that entries of new firms are indispensable in a well-functioning market (e.g. Dunne et al. 1988, Geroski and Schwalbach 1991, Aw et al. 2001, Hahn 2002 and Aw et al. 2003). There are also some literatures to discuss the strategies and the corporate gains of Japanese when they invest in China (e.g. Konomoto 1998, and Beechler and Bird 1999). However, there is no study on the local impact brought the entry and manufacturing activities of Japanese firms. Our research is therefore original.

To ensure the quality of our empirical research, we mainly gather the data from the protected database of the National Bureau of Statistics of China. Our privileged database is composed of 11,460 firms invested by Japanese firms in different regions of China. We further carried out some pilot studies of cases, which is mainly with the different investments of Panasonic in China. After cleaning up this large dataset, we perform the descriptive statistics and run the regression analyses. We find that the regions with more Japanese investment tend to grow faster. There are 33% of sampled firms located in Shanghai, 27.5% in Jiangsu and 11.8% in Beijing. These firms contribute to the regional development with employment, tax and technology transfer. For instance, the Panasonic Suzhou Semiconductor Ltd somehow promotes the Suzhou to be a national industrial park of semiconductors. The entry of Japanese multinationals promotes economic growth of China. Meanwhile, the business environments have some influences on entry. The institutions of Shanghai and Beijing certainly facilitate the entry of Japanese multinationals.

Our related research was presented in Oxford University, Central University of Finance and Economics, and Peking University. In the 2009 Asia Economic Community Forum, we also discussed our research on the entry issues. A research paper related to the entry issue has been published in *Economic Systems*. We are working on another paper for *Economic Journal* and some Chinese paper for a Chinese journal. Although the funding of this project is used up and our research is delayed with some disasters, we will keep working on this topic for more research outputs.

### Publication of the Results of Research Project:

Verbal Presentation (Date, Venue, Name of Conference, Title of Presentation, Presenter, etc.)

December 2008, Shenzhen (HSBC School of Business, Peking University), Seminar, *Foreign Investment, Corporate Ownership, and Development*, Lihui Tian  
(<http://www.phsb.pku.edu.cn/content.asp?id=176>)

December 2007, Oxford University, Seminars on the Economy of China, *Entry of Japanese Firms and China's Economic Development*, Lihui Tian

March 2007, Central University of Finance and Economics, Seminar, *Investment of Japanese Firms and Other Multinationals and Economic Growth of China*, Lihui Tian

Thesis (Name of Journal and its Date, Title and Author of Thesis, etc.)

*Economic Systems*, 2007, 31 (4), p.364-374, *Does government intervention help the Chinese automobile industry? A comparison with the Chinese computer industry*, Lihui Tian

Book (Publisher and Date of the Book, Title and Author of the Book, etc.)