



Faculty of Business Administration

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Economics

“Determinants of Different Modes of FDI: Firm-Level Evidence from Japanese FDI into the US”

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Abstract

There are four major modes through which firms undertake foreign direct investment (FDI) – merger and acquisition (M&A), joint venture (JV), new plant (NP) and others (O). The four modes of FDI are distinct from each other, and each has its own unique advantages and disadvantages. While a large and growing empirical literature examines the determinants of FDI, very few studies examine the determinants of different modes of FDI. The central objective of this paper is to empirically analyze the extent to which the determinants of FDI such as firm size influences the choice of one mode of FDI over another. Our analysis follows a stylized two-stage investment process. First, we look at the probability of whether a Japanese firm is willing to undertake FDI in the US. Second, for firms that are willing to undertake FDI, we analyze which mode of FDI - i.e. M&A, joint venture, new plant or other FDI - they will undertake. The second stage is the innovation of this paper and its main original contribution to the FDI literature.

Date: June 8, 2010 (Tuesday)

Time: 15:00 – 16:30

Venue: JM22

ALL ARE WELCOME!

A Short Biography of Dr. Donghyun Park

Dr. Donghyun Park is currently a principal economist at the Economics and Research Department of the Asian Development Bank (ADB), which he joined in April 2007. Prior to joining ADB, he was a tenured associate professor of economics at Nanyang Technological University in Singapore. Dr. Park has a Ph.D. in economics from UCLA, and his main research fields are international finance and trade. His research, which has been published extensively in journals and books, focuses on policy-oriented topics relevant for Asia's long-term development, including Asian sovereign wealth funds and Asian pension reform. Dr. Park plays a leading role in the production of Asian Development Outlook, ADB's flagship annual publication.