

## Call for Proposal

### ERIA Microdata Research Fiscal Year 2013

Economic Research Institute for ASEAN and East Asia (ERIA) invites submission of research proposals for ERIA Microdata research project of the Fiscal Year 2013. This project is under the ambit of one of the three research pillars of ERIA, namely: *Deepening Economic Integration*. The theme of this fiscal year's research project is ***Globalization and Performance of Small and Large Firms***. This project comprises country studies by authors mainly from ERIA member countries.

Research proposals should be submitted by email to Dionisius Narjoko ([dion.narjoko@eria.org](mailto:dion.narjoko@eria.org)) no later than **30 June 2013**.

Early submission is encouraged. The authors will be notified of the decision about the proposal selection process by 15 July 2013.

ERIA provides financial support of USD 9,000 per paper for the selected proposals. In addition, ERIA covers the travel costs of one author per paper for attending the workshops of the project.

#### ■ Project Objective and Background

During the past decades, the growth performance of many East Asian economies has been far above the international standards. There is a growing consensus that one of the key factors behind the relatively strong growth performance of these economies is that they were increasingly integrated with the global market, *de facto* and *de jure*.

However, in many East Asian economies, there is also a growing concern that the growth performance has been very uneven across firms. Not only in developed countries such as Japan and Korea but also in developing countries such as Indonesia and Vietnam, for example, where there exists a popular belief that firm performances diverge. In policy debate, this is often translated into the view that there is an increasing performance disparity between *small* and *large* firms. While whether or not this view has a sound factual basis is an empirical issue, the perceived divergent performance between small and large firms has, in reality, become an important economic or socio-economic policy issue.

The ERIA Microdata project for FY 2013 attempts to shed light on this issue, with an objective to better understand whether and how *globalization* has affected the performances of small and (or versus) large firms, as well as identifying policy issues needed to be addressed in order to achieve a more strong and resilient economic growth and development of East Asian economies.

As in the previous ERIA Micro data projects, the authors are expected to raise their own specific questions closely related to the theme of this project in the context of their own country. The authors *must* employ micro data (i.e., firm-, plant-, or product-level datasets) and conduct a rigorous empirical study complemented with descriptive analyses.

## ■ Potential Questions

### <Main Questions>

Has the performance gap between small and large firms been increasing? Or, are there forces that work toward this direction? Does globalization cause firm performance to diverge? If so, what are the specific mechanisms? Where exactly are the market failures in this process? What are the policy measures that are deemed necessary to achieve strong and resilient growth and development?

### <Examples of Specific Questions>

Specific questions that can be asked include, but are not restricted to, the following.

Is there evidence that the performance (size, productivity, profitability, survival probability, etc.) gap between small and large firms is increasing? Or, more generally, how does the performance of initially small firms compare with those of initially large firms, conditionally or unconditionally? Do trade and FDI liberalization policies have uneven effects on small versus large firms? How do the adjustments of small firms differ from those of large firms when market is opened? Are small firms at a disadvantageous position to appropriate the potential benefits from global engagement: i.e., interaction with global markets via trade, FDI, outsourcing, participation in global production networks? What are the specific mechanisms? What are the important firm- or plant-characteristics that help to understand the performance of small firms vis-à-vis large firms? What are the roles of innovation, human resources, finance, product diversification in this process? Can we say that observed performance differences between small and large firms are economically efficient? If not, where are the market failures and what are the empirical evidences?

## ■ Project Schedule

- 30 June 2013: deadline for the submission of proposals.
- 15 July 2013: notification of the selected proposals.
- **3-4 November 2013: First workshop**, to discuss the first draft of the report. The discussions focus on results of the studies.
- **Mid February 2014: Second workshop**, to discuss the draft of final report.
- 3 March 2014: deadline for the submission of final report.
- 31 March 2014: submission of the project's report to ERIA.

Members of the project are expected to attend the two workshops scheduled above.

## ■ Proposals

Research proposals should be about five to eight pages long. It should contain the following:

- research question(s);
- objective and background;
- brief literature review;
- description of data and methodology;
- expected value added;
- policy relevance;
- references.

## ■ Other

The research should be an original one. The final report will be included in an edited project report which will be submitted to ERIA. Some of the completed research papers may be posted as working papers for the ERIA Discussion Paper series.