RESEARCH STATEMENT

The study of economics encompasses a wide range of issues that have the potential to impact large-scale policy decisions and human interactions. My research aims to inform policy regarding foreign direct investment and financial crises, and cross-national cooperation using economic tools such as regression analyses, laboratory experiments, and theoretical models.

My job market paper, “Fire-sale FDI? The Impact of Financial Crises on Foreign Direct Investment” (with Ilan Noy) explores the evolution of foreign direct investment around financial crises. We analyze the evolution of foreign direct investment (FDI) flows to developing and emerging countries around financial crises. We contribute to the literature in several ways. Our paper is the first to empirically and thoroughly examine the Fire-Sale FDI hypothesis and describe the pattern of FDI inflows surrounding financial crises. We also add a more granular detail about the types of financial crises and their potentially differential effects on FDI. We distinguish between Mergers and Acquisitions (M&A) and Greenfield investment, as well as between different motivations for FDI—horizontal (tariff jumping) and vertical (integrating production stages). We find that financial crises have a strong adverse effect on inward FDI in our sample. Crises are also shown to reduce the value of vertical FDI, while horizontal investment tends to increase following an external debt crisis. In general, however, we do not find empirical evidence of Fire-Sale FDI as financial crises do not appear to affect M&A investment significantly. In a related working paper, “Crisis FDI: Case of Developed Countries,” I conduct a similar analysis for developed countries using a new dataset on financial crises.

My other research in the area of foreign direct investment includes “Responding to Crisis: Foreign Direct Investment in ASEAN” (2010). Asia-Pacific Economic Update. 3, 15-23. In this study, I calculate FDI cycles for ASEAN economies which were most hit during the Asian Financial Crisis. I analyze national responses in dealing with the crisis and point to countries’ special features which impacted the effectiveness of these policies. This retrospective analysis provides insights to inform the present financial crisis and it’s effects on ASEAN. In two related papers, “Foreign Direct Investment Cycles in ASEAN countries” and “Deep and Wide: Foreign Direct Investment and Regional Integration in ASEAN” (with Denise Konan), we provide an in-depth analysis of the ASEAN intra-regional and global trade and FDI flows and show that global integration has progressed slower than regional integration within ASEAN in the post-1998 period. We provide insights into how the Asian crisis of 1997 encouraged greater regional integration in the
following decade and argue that ASEAN members were better able to weather the 2007 economic downturn because they were regionally integrated.

I also have a secondary research interest in experimental economics. My paper, "An Experimental Study on the Relevance and Scope of Nationality as a Coordination Device," uses an experimental approach to test the relevance and scope of focal points when individuals make decisions under strategic uncertainty. In a period which is marked by extensive international trade, nationality may present one important focal point which individuals can coordinate on. To examine the scope of nationality as a coordination device, I recruited subjects from three countries that heavily engage in international trade (Japan, Korea, and China) to participate in stag-hunt coordination games in which I varied information about their partner. Results show that nationality serves a coordination device if common nationality is the only piece of information available to the subjects. Using additional bargaining games, I confirm that this effect cannot be explained by subjects’ in-group favoritism. However, if subjects receive additional information about their partner, this effect diminishes. My findings suggest that nationality can serve as a coordination device but also that the scope of this device is limited.

In addition, a related working paper, "International Bargaining and Coordination," contributes to the literature on inter-cultural behavior by providing the first systematic study where the salience of nationality is experimentally manipulated. Using a unique subject pool of international students at University of Hawai‘i, it is also the first inter-cultural study to be conducted with all participants in one location, which isolates the home-bias effect. The results find only a small in-group bias across participants, emphasizing the dual nature of culture in this experiment. As the focus is diluted from nationality in some treatments, common culture for university students dominates.

I believe that my research has the potential to positively influence a range of policies, from international investment cooperation efforts to local cross-cultural issues. I expect to continue working across disciplines and institutions to advance the frontier of knowledge in the areas of foreign direct investment, financial crises, and inter-cultural cooperation. While I intend to continue working with my colleagues at University of Hawai‘i, in my next area of residency I am open to research collaborations with new co-authors as well as new directions of research.