

A Bivariate Approach to The Analysis of Acquisition And Merger FDI, Relative Wealth And Relative Access to Bank Credit

Peiming Wang

Auckland University of Technology, Auckland, New Zealand

Joseph D. Alba

Woon-Yee Ho

Nanyang Technological University, Singapore

We use the bivariate zero-inflated negative binomial model to examine Japanese acquisition and merger FDI (AM FDI) jointly with other types of Japanese FDI (or non-AM FDI) into the United States. We find that for firms likely to engage in FDI, their rates of FDI are affected by the financial health of their main banks. However, only the rate of AM FDI is affected by relative wealth. The rate of non-AM FDI is affected by profitability and firm size. Our findings show the importance of distinguishing AM FDI from non-AM FDI and of considering the two types of FDI jointly.

[Peiming Wang, Business School, AUT City Campus, Private Bag 92006, Auckland, 1142, New Zealand; pmwang@aut.ac.nz]