Introduction

Entry, survival and exit of firms are fundamental components of the structural changes taking place in industries.

A large body of literature using data from developed economies; emerging and developing economies even impose more challenges on firm survival.

China’s economic transition—a triple process of marketization, globalization and decentralization—triggered the spatial restructuring of Chinese industries.

The purpose: to investigate the role of global-local linkages and regional forces in business survival in China.

Method

Analytical Framework

- Globalization
  - FDI
  - Exporting
  - Spillover effects (competition/knowledge spillovers)
- Regionalization
  - Regional protectionism
  - Market potential
- Localization
  - Agglomeration/competition
  - Institutional perspectives


Model Specification and Variables

\[ Pr(Surv_{it+c}=1) = \Phi(\alpha + \beta Y_{it} + \gamma M_{it} + \delta \mathbf{Z}_{it}) \]

Where \( Surv_{it+c} \) is the dependent variable, indicating the likelihood that \( Firm_{it} \) survive until \( t+c \) year. We consider the firm survival for different years after establishment, including 1, 3, 5, and 9 years.

\( X_{it}, Y_{it} \) and \( M_{it} \) stand for proxies for the global, regional and local dimensions, \( Z_{it} \) represents a set of controlling variables.

Results

Results from Probit models largely confirm the theoretical propositions

Conclusions

We propose a tri-polar framework to understand the firm survival by highlighting the impacts of globalization, regionalization and localization.

Results from Probit models confirm that globalization, regionalization and localization play an important role in firm survival in different ways and to different degree.