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Feature Articles

This month's focus: **Corporate Growth and Macroeconomic Growth**

The mobility of managerial resources has an important influence on innovation. Focusing on labor mobility, this study explores the relationship between mobility and innovation at three different levels, namely the team level, firm level, and industry level. The study shows it is important to enhance labor mobility in order to promote innovation. However, as labor mobility increases, there is a possibility that incremental development of highly versatile technology, an important source of innovation, will be retarded.

Mergers and acquisitions (M&A) visibly increased in 1999 in Japan, and cross-border M&As dominated over domestic M&As around the mid-2000s. Based on a survey and inquiries conducted by a research group studying "cross-border M&As in Japan" at METI, this paper examines what kind of firms are active in cross-border acquisition and how such firms exploit cross-border M&A for realizing corporate growth and enhancing firm value.

Capital investment, which had led the Japanese economy during the high-growth period, has been stagnant in recent years. There are several reasons. Firstly, the weight of capital investment overseas by Japanese companies has gone up. Secondly, analogous investments to capital investment, such as M&A and R&D, have been steadily increasing. It is an important challenge for Japan's economy as to how domestic capital investment can be reinvigorated.