

Productivity of Firms in Global Value Chains: An Inquiry into Publication Bias using Meta-Analysis

Abstract

Developing countries tend to view global value chains (GVCs) as a way to participate in the global economy while furthering national development and job growth. But do firms that join GVCs experience a positive impact on their productivity? Recent empirical studies convey heterogeneous results: firms report productivity premia, a decline in productivity, or have its effect dependent on certain factors. We find that the link between trade and productivity within global value chains is complex and influenced by the position of the firm within the GVC, the type of governance in the particular value chain, the extent and duration of its participation, its own firm characteristics, and the particular trade and industrial policies in its home country. We use meta-regression analysis to statistically derive the meta-effect and test for the presence of publication selection bias on a dataset of 415 productivity impact estimates from 20 primary studies covering 43 developed and developing countries. We find that publication selection bias affects both total factor productivity (TFP) and labor productivity (LP) estimates but in opposite directions: TFP tends to be biased towards negative estimates while positive LP estimates tend to be reported. Despite the presence of publication selection bias, participation in GVCs has a slight and positive empirical effect on labor productivity while the impact is also positive but even weaker on total factor productivity. Further research will use a multifactor regression model to test our results and explore further the possible sources of heterogeneity among the estimates reported in the primary studies.

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