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**Impacts of Innovation on
Firm Performance and Industrial Development
in East Asia**

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Edited by

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Preface

Since research and development (R&D) investments and innovation activities of East Asian firms have rapidly become active, it has also become important to examine their impacts on firm performance and industrial development as well as their factors and backgrounds. In this report, we will focus on the impacts on firm performance in the first two chapters, and those on industrial development in the last one.

First, Rattanakhomfu and Awutpanyakul will show that Thai innovative electronics and plastic firms enjoy higher market power than other firms in the same industries by comparing between the Lerner index of the firms and industries. Next, Gong and Jefferson will show that low R&D intensity Chinese firms are likely to yield higher performance in terms of Tobin's Q than high R&D intensity ones due to advantages for the more efficient R&D systems. Therefore, firms need to focus not only on the results of innovation activities, but also on the efficiency of them.

Finally, Kimura, Matsui, Motohashi, Kaida, and Sinthupundaja will show that a major Chinese robotics firm is diversifying their technologies within the same industry by making their technology position similar to a first-mover firm's one, while at the same time differentiating it. Consequently, the learning and differentiation of technologies through competition among firms could lead to the development of technologies within an industry as a whole. We would be glad if our chapters could contribute to a better understanding of the impacts of innovation, which occurs in complicated paths.

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