

From Catching-up to Convergence of the Latecomer Firms:

Evidence from the Korean firm data.

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This paper examines a hypothesis that the catching up firms from latecomer countries may converge to advanced firms when there is an improvement of their technological capabilities and/or corporate governance over time. Comparing the behavior and performance of the Korean firms during the 1990s and the 2000s and 2010s, this paper finds some evidences of convergence, such that Korean firms become more profitability-oriented than growth-oriented, borrowing and investing less and thus less indebted, whereas they have not changed much in terms of their behavior about firm values and dividends tendencies. Further analysis using the patent-derived variables also confirms some aspects of convergence, compared to the early results in Lee (2013: ch. 5), that self-citations become significant and positive for firm values, whereas cycle time of technology variable become insignificant for profitability, which is consistent with the results from the US firms. In the meantime, changes in corporate governance associated with the rise of foreign shareholder are also shown to have resulted in higher profitability but insignificant change in firm values.