

Empirical Analysis on the Interaction between Corporate Dynamics, Cultural Context and Economic Growth

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Abstract

This study delves into how corporate dynamics relates to economic growth, particularly in terms of company entry, withdrawal, and integration. While cultural influences are recognized in prior research, a thorough investigation is absent. This study proposes that collaboration and Merger and Acquisitions (M&A) activities are key to activating dynamics, supported by empirical evidence of socio-economic cultural impacts. Through comparing the unique patterns of Japanese companies with those in the United States, it sheds light on the link between corporate dynamics and economic growth.

Keywords: corporate dynamics, M&A, cultural context, economic growth

1 Introduction

1.1 Background

In recent years, there has been a growing acknowledgment of the significance of fostering entrepreneurship for driving economic growth. The prevailing notion suggests that the removal of inefficient firms from the market, followed by the emergence of newer, more effective enterprises, is instrumental in rejuvenating the overall economy. Hence, it can be deduced that a nation's economic performance improves with a higher frequency of company entries and exits. Examining the correlation between new business ventures and economic growth rates over the past decade reveals that countries with low rates of entrepreneurial initiation have not exhibited substantial economic expansion (Figure 1).

However, focusing solely on the frequency of entry and exit, there are instances where the United States exhibited higher levels of turnover even during the 1980s, a period when its economic growth rate lagged behind Japan's. This phenomenon is attributed to the shift in the growth engine from traditional mass production sectors like automobiles and electronics to emerging fields such as Information Technology (IT) and biotechnology since the 1990s. Consequently, the swift emergence and disappearance of companies have garnered greater significance in driving economic growth compared to previous decades. Moreover, it is speculated that the adoption of IT as a strategic tool for corporate restructuring, notably the "selection and concentration" approach and the ensuing rise of spin-outs, further contribute to this shift.

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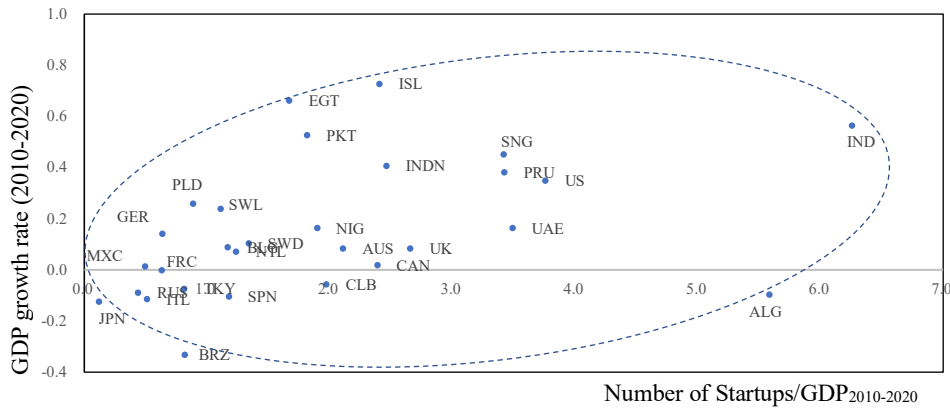


Figure 1: Comparison of Economic Growth Rates in the top 30 Countries by Number of Startup Companies (2010-2020)

Source: IMF data, The Global Startup Ecosystem Index Report

As outlined earlier, the growth trajectories of different nations demonstrate the positive impact of new business ventures on overall economic rejuvenation. For instance, upon comparing the United States, characterized by a robust economy, with Japan, which has grappled with three decades of economic stagnation, a stark contrast emerges. In the United States, the rate of business startups significantly surpasses that of closures, whereas in Japan, the startup rate stands at a mere 4%. Notably, the closure rate for businesses over the same period has remained relatively consistent (Figure 2).

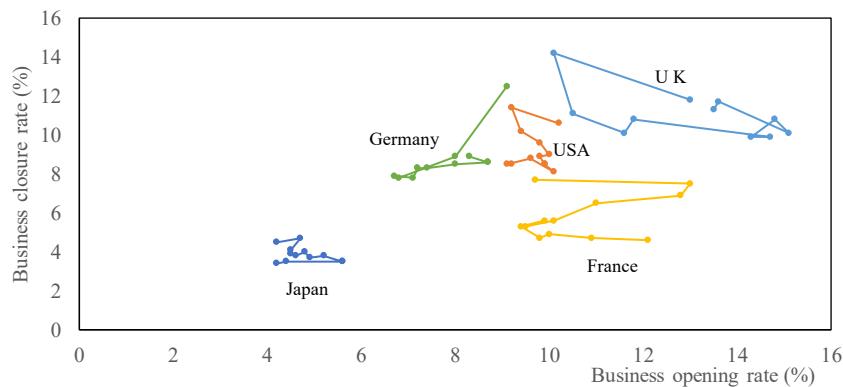


Figure 2: Trends in business opening and closing rates in five developed countries (2008-2019)

Source: The Small and Medium Enterprise Agency, White Paper on Small and Medium Enterprises (2017)

One of the reasons attributed to the stagnation in Japan's business opening/closing rate is the challenging environment for Japanese venture enterprises to thrive. From the aforementioned observations, it becomes evident that the market dynamics in each country, including Japan and the United States, exert diverse effects and are influenced by various factors, necessitating an integrated interpretation. Consequently, this research aims to delve into the entry, withdrawal, and consolidation patterns of companies within the market and to analyze growth strategies that guide firms in contributing to economic expansion. Drawing from

these analytical findings, the objective is to develop a corporate growth process model from the vantage point of management strategy theory.

1.2 Existing Research

(1) Growth and the role of new companies

Numerous researchers have underscored the significance of entrepreneurship in fostering economic growth (e.g., Gautam and Lal (2021), Chen (2014), Smith (2010)) [1],[2],[3]. Conversely, some contend that the entrepreneurial endeavors fueling these activities may have adverse effects on economic growth (see Gomes et al. (2022), Dolan et al. (2018), Sternberg and Wennkers (2005))[4], [5], [6]. Almodóvar-González et al. (2020) delved into the interplay between whether entrepreneurship contributes to economic growth, whether economic growth fosters entrepreneurship, or whether a bidirectional relationship exists between the two, but the relationship remains inconclusive [7]. Moreover, it suggests that the impact of entrepreneurship on economic growth varies according to a country's economic stage.

As many existing studies are predicated on the notion that corporate dynamism affects economic growth, this research conducts analyses from that perspective.

(2) Analysis of factors related to metabolic activation

Azuma et al. conducted a comprehensive examination spanning 35 years from 1965 to 1999 to assess the extent of corporate dynamics impact on Japan's economic growth rate, delineating its trends and the underlying factors. Through empirical analysis, they scrutinized the factors contributing to these trends [8]. Meanwhile, Nakao et al. sought to dissect the evolving impact of corporate dynamics in Japan by macroeconomically quantifying it as the economy's overall profit rate, encompassing the effects of both new entrants and declining firms. By comparing this macro profit rate with the micro profit rate, they observed a declining trend in the profit rate since the 1980s, highlighting an increasing influence of corporate dynamics in counteracting this trend over the long term [9]. Yamada et al. conducted a nuanced analysis of corporate dynamics, focusing on industrial clusters. Their study elucidated how these clusters endure through the metabolic processes of key products and industries, with survival strategies contingent upon the entrepreneurial activities and support systems of core companies [10]. Despite the positive correlation between corporate dynamics and economic growth, Japan's metabolic rate lags behind that of other nations globally. This deficiency is attributed to challenges in fostering business startups, stemming not only from institutional constraints but also from cultural influences. Contrary to conventional interpretations of declining startup rates, Yasuda et al. argue that recent government policies have alleviated some traditional constraints, shifting the focus towards other factors such as public awareness [11].

Existing research underscores the influence of country-specific social cultures on corporate growth dynamics. However, limited attention has been devoted to elucidating these effects comprehensively, particularly regarding the role of dynamics as a catalyst for collaboration and mergers and acquisitions (M&A) in a company's growth trajectory. Hence, this study endeavors to fill this gap by analyzing the factors that drive dynamics, recognizing the importance of corporate initiatives, policies, public awareness, and entrepreneurial values in revitalizing corporate metabolic processes.

1.3 Hypothesis

The following hypotheses are formulated under the premise that differences in growth among countries are attributed to corporate dynamics, including factors such as a robust entrepreneurial ethos, active M&A, and external pressures to optimize business operations.

Hypothesis 1: Activation of corporate dynamics positively influences national economic growth. Previous research indicates a positive correlation between the entrepreneurship rate and economic growth rate. This study conducts a detailed analysis of the relationship between business opening/closing rates, the prevalence of small and medium-sized enterprises, M&A activities, and economic growth.

Hypothesis 2: Corporate dynamics is shaped by the socio-economic makeup of each country. Existing research suggests a positive correlation between entrepreneurial awareness and economic growth rate. Additionally, to explore the influence of social culture on corporate growth analysis, detailed analysis using indices such as the Hofstede index (measuring sociability and national character) and the Total Entrepreneurial Activity index (TEA) for each country is conducted.

Building upon the aforementioned international comparative analysis, a detailed examination is conducted to explore the impact of socio-economic culture on the activation of corporate dynamics through a comparison between Japan and the United States. Specifically, an example of the current situation in which American companies are revitalizing their dynamics is presented, and the following hypothesis is verified through examples of Japanese electrical machinery companies (e.g., Hitachi and analogous firms).

Hypothesis 3: The metabolic model observed in American companies is transferrable to Japan's economic and social milieu, fostering economic growth. Through the scrutiny of this hypothesis, a case study of the economic dynamics processes of Japanese companies based on industry type is conducted. Additionally, the factors enabling Japanese companies to achieve economic development in the 1980s despite low metabolic rates, and the impact of IT on economic growth are considered.

Through these investigations, the purpose of this study is to elucidate the factors that stimulate metabolic activity for Japan's economic growth. On the other hand, the relative importance of the aforementioned group of factors and the measurement of their weighting remain topics for future research.

Section 2 outlines the framework of this study and details the data utilized. Section 3 presents the empirical analysis along with the results obtained from the analysis. Chapter 4 provides a comprehensive summary of the aforementioned sections and delves into pertinent developmental issues.

2 Analysis Framework

2.1 Analysis Framework

The Global Entrepreneurship Monitor (GEM) project endeavors to facilitate international comparisons and explore the ramifications of entrepreneurial endeavors on national economies. This project aims to elucidate the disparities in entrepreneurial activity levels across nations, assess the impact of such activity on national economic growth, and identify the factors contributing to inter-country variations in entrepreneurial engagement. Its objective

is to address the scholarly demands of entrepreneurship researchers, comprehend the nexus between entrepreneurial activity and national economic growth, and formulate an efficacious policy framework conducive to fostering entrepreneurial initiatives.

This study examines the causal relationship of economic growth within the framework of GEM project shown in Figure 3, considering variations in the socio-economic structure of each country. The analysis investigates the impact of these relationships on the economic growth trajectories of large corporations, small and medium-sized enterprises, and startups, while also assessing the influence of business dynamics within the socio-economic context surrounding these entities. The relationship between corporate dynamism and economic growth by industrial sector is a subject for future research.

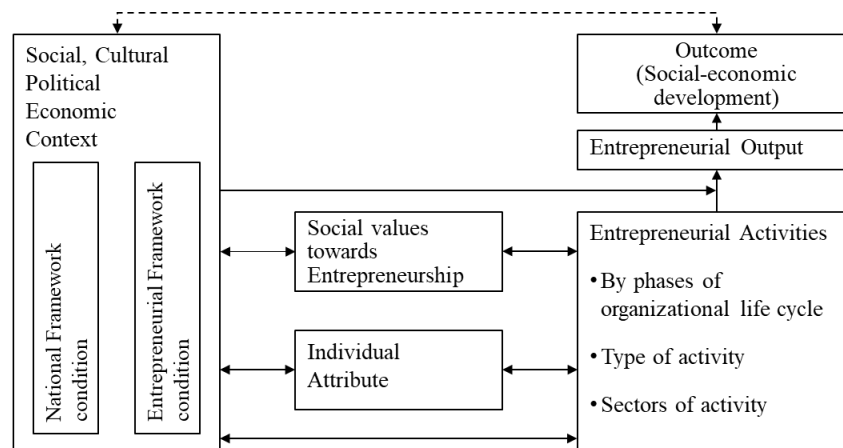


Figure 3: The Global Entrepreneurship Monitor Conceptual Framework.

2.2 Usage Data

The data utilized in this research comprises information sourced from the World Bank, IMF, and governmental agencies of diverse countries, alongside the following entrepreneurial and cultural society datasets which are utilized in existing research:

(1) Global Entrepreneurship Monitor (GEM)

The GEM project aims to facilitate international comparisons and explore the influence of entrepreneurial activities on national economies, despite the inherent challenges in accurately gauging entrepreneurial activities within each country. Launched in 1997, GEM was primarily organized by entrepreneurship researchers from Babson College in the United States and the University of London in the United Kingdom. The project conducts surveys in participating countries (42 in 2006), interviewing a minimum of 2,000 individuals per country, consulting experts in the field, and aggregating macroeconomic data. Through these efforts, GEM provides insights into the actual state of entrepreneurial activities and enables international comparisons.

(2) Hofstede Index

Hofstede's Cultural Dimensions Index quantifies the sociability and national character of each country, developed by Dutch sociologist Geert Hofstede. To mitigate biases inherent in cultural assessments, the index utilizes data from IBM employees in the United States as a standardized baseline, encompassing 110,000 employees across 40 countries worldwide.

This system originated in 1980 with a questionnaire surveying behavioral styles and values, resulting in numerical representations of a country's culture and national character. The dimensions assessed include: 1) Power Distance: Strength of hierarchical relationships, 2) Individualism: Strength of individualistic tendencies, 3) Motivation towards Achievement and Success: Do you value status, achievements, or success? 4) Uncertainty avoidance: Tendency to avoid uncertainty. 5) Long-Term Orientation: long-term orientation; 6) Indulgence: whether one enjoys life in a pleasurable or restrained way.

3 Empirical Analysis

3.1 Activation of Corporate Dynamics and Economic Growth

Figure 4 depicts an international comparison of the metabolic rate, calculated as the sum of the startup rate and closure rate derived from business opening/closing data which is typical data commonly used in measuring corporate dynamism in many existing research.

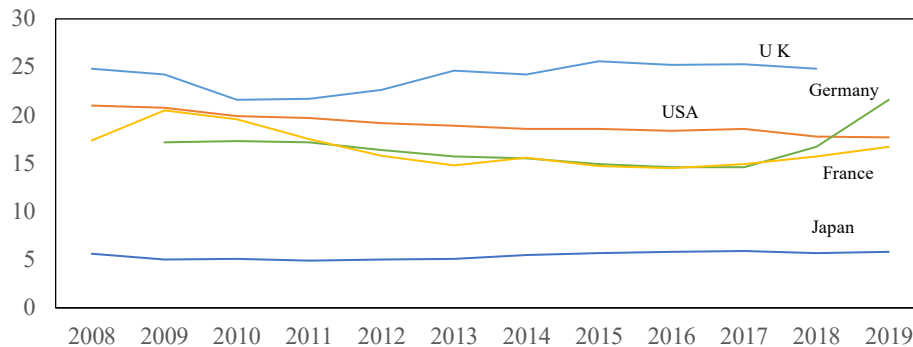


Figure 4: International comparison of corporate metabolic rates

Source: The Small and Medium Enterprise Agency, White Paper on Small and Medium Enterprises (2017)

The calculation method for the business start-up/closure rate varies across countries, necessitating caution when conducting straightforward comparisons. Nonetheless, even after accounting for these disparities, Japan's business opening and closing rates stand out among developed nations. The stagnation in Japan's economic growth is attributed to market stagnation, as evidenced by its low business opening/closing rate and the prolonged lifespan of companies. Specifically, it is suggested that the presence of numerous low-productivity small and medium-sized enterprises persisting in the market without being phased out contributes to this stagnation.

Thus, Figure 5 presents an international comparison of the relationship between large companies and SMEs.

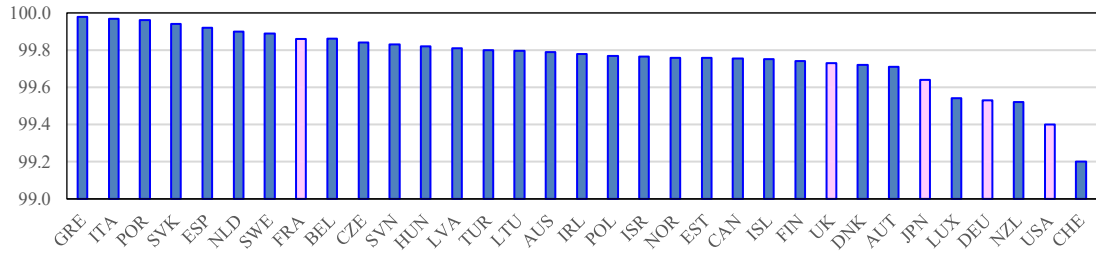


Figure 5: International comparison of SME ratio (2017)

Source: OECD statistics

In the case of Japan, it is evident from Figure 5 that the quantity of SMEs is relatively modest compared to the countries depicted. This observation implies that rather than the sheer abundance of SMEs, the prevalence of SMEs characterized by extended business longevity and low productivity and wage levels contributes to this trend. There may be a necessity to consolidate and phase out underproductive small and medium-sized enterprises.

Therefore, to juxtapose economic scale with M&A activity, Figure 6 illustrates the comparison of M&A activity relative to GDP. The number of M&A transactions per GDP is computed by dividing the average number of M&A deals observed from 2018 to 2020 by the nominal GDP (in USD) for the corresponding period.

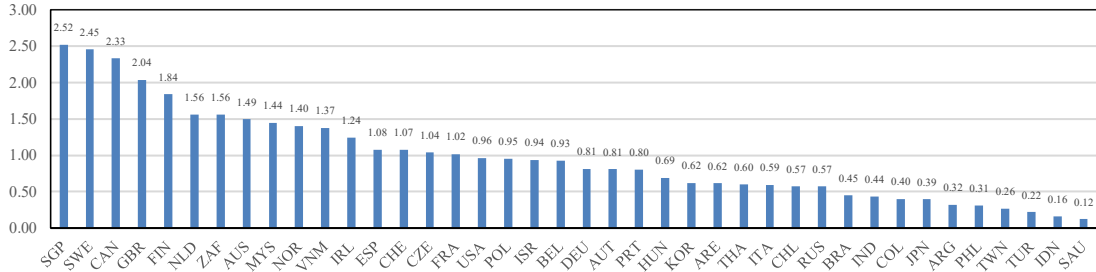


Figure 6: International comparison of M&A numbers (40 countries, 2018-2020 average)

Source: OECD statistics

Figure 6 illustrates that developed nations experiencing economic growth, such as the United States, and countries boasting high global competitiveness rankings, such as Singapore, exhibit a significant volume of M&A activity. In contrast, the number of M&A transactions in Japan is comparatively modest relative to its GDP. This discrepancy is believed to contribute to the persistence of underproductive small and medium-sized enterprises in the market, as Japanese SMEs fail to enhance overall market productivity through M&A activities.

The Ministry of Economy, Trade and Industry (METI) cites Table 1 as an explanation for the limited M&A activity in Japan.

Table 1: Factors behind the low number of M&A in Japan

a) Prioritize independent R&D over M&A
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- b) Medium- to long-term investments are difficult to choose because shareholders seek short-term profits.
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- c) Tendency to believe that failure in M&A of startups is unacceptable
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- d) An agreement on valuation cannot be reached between the acquiring company and the acquired company.
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- e) Concerns about a decline in the value of intangible assets such as brands and negative evaluations from investors
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Source: Ministry of Economy, Trade and Industry, research report on M&A between large companies and startups

Many of the factors listed in Table 1, which have failed to stimulate M&A activity in Japan, are influenced by socio-economic culture. Hence, the relationship between corporate dynamics and socio-economic culture will be examined using the Hofstede index, a prominent benchmark for international comparisons of socio-economic culture.

3.2 Corporate Dynamics and Socio-Economic Constitution

To compare the Hofstede index between countries with active M&A engagement and those without, it is estimated the correlation between the number of M&A transactions per GDP and each Hofstede index. Two sets of average values were utilized for the number of M&As per GDP: the average from 2018 to 2020 and the average from 1998 to 2000. The results are shown in Table 2.

Table 2: Correlation between Number of M&A per GDP and Hofstad index in 40 countries

$$\ln MAG = a + b \ln PDT + c \ln IDV + d \ln MTV + e \ln UCA + f \ln LTO + g \ln I DG$$

	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>	<i>g</i>	adj. R ²
2018-2020	-1.02 (-0.50)	-0.08 (-0.39)	0.60 (3.24) *	-0.09 (-0.63)	-0.70 (-3.66) *	0.11 (0.62)	0.41 (1.93)	0.530
1998-2000	-2.68 (-0.79)	-0.03 (-0.10)	0.50 (2.26) **	0.02 (0.09)	-0.69 (-2.20) **	0.32 (1.10)	0.70 (2.02)	0.349
2018-2020	0.31 (0.38)		0.75 (5.22) *		-0.85 (-4.89) *			0.519
1998-2000	1.63 (1.28)		0.63 (3.79) *		-0.92 (-3.16) *			0.333

MAG: Number of M&A per GDP; PDT: Power distance; IDV: Individualism; MTV: Motivation towards Achievement and Success; UCA: Uncertainty avoidance; LTO: Long term orientation; IDG: Indulgence
* 1% significant; ** 5% significant

As illustrated in Table 2, the activation of M&A exhibits a strong correlation with Individualism and Uncertainty Avoidance among the six factors of the Hofstede index. This relationship has remained relatively consistent between the 2000s and the 2020s, albeit strengthening in 2020.

High scores in Individualism signify a preference for a loosely-cohesive social system, with individuals prioritizing themselves and their immediate family for protection. Conversely, low scores (indicative of collectivism) suggest a preference for a tightly-knit social structure, where absolute loyalty to the organization guarantees protection. The influence of this score

on the number of M&A cases is attributed to societies with high Individualism scores harboring a greater number of small and medium-sized enterprises capable of catalyzing M&A activities. The disparity between SMEs serving as M&A targets and those not pursued for M&A, as observed in Japan, is believed to be reflected in the individualism scores of corporate managers. For instance, in family-owned businesses, higher individualism scores may correlate with less concern about passing the business to the next generation, thereby making M&A with other companies a viable option.

In societies with a high Uncertainty Avoidance index, rigid rules and traditions govern thought and behavior, impeding the acceptance of new ideas and behaviors. Conversely, societies with lower scores are characterized by a more relaxed approach, prioritizing implementation over adherence to principles. The influence of this score on the number of M&A cases lies in the ease with which managers of SMEs, potential M&A targets, can opt for M&A without being constrained by tradition in societies with low Uncertainty Avoidance scores. Moreover, companies initiating M&A in such societies are likely to emphasize execution and adopt a proactive stance towards M&A.

Additionally, Table 3 elucidates the correlation between Total Early-stage Entrepreneurial Activity (TEA), a country-specific startup indicator in GEM, and the Hofstede index.

Table 3: Correlation between TEA and Hofstad index in 40 countries

$$\ln TEA = a + b \ln PDT + c \ln IDV + d \ln MTV + e \ln UCA + f \ln LTO + g \ln I DG$$

	<i>A</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>	<i>g</i>	adj. R ²
2018-2020	4.07 (1.92)	0.25 (1.16)	-0.09 (-0.47)	-0.12 (-0.79)	-0.20 (-1.02)	-0.44 (-2.43)**	0.15 (0.67)	0.311
1998-2000	2.55 (1.40)	0.01 (0.05)	-0.44 (-2.66)**	0.03 (0.24)	-0.03 (-0.15)	-0.14 (-0.90)	0.45 (2.37)**	0.278

TEA: Total early-stage Entrepreneurial Activity; PDT: Power distance; IDV: Individualism; MTV: Motivation towards Achievement and Success; UCA: Uncertainty avoidance; LTO: Long term orientation; IDG: Indulgence

* 1% significant; ** 5% significant

As depicted in Table 3, the correlation between Total Early-stage Entrepreneurial Activity (TEA), a country-specific startup indicator in GEM, and the Hofstede index has undergone significant changes between 2000 and 2020. Around 2000, the influence of Individualism negatively impacted TEA, whereas the influence of Indulgence had a positive effect. This can be attributed to the prevalence of active business start-ups in countries with relatively low levels of individualism, such as India and China, where an indulgent approach towards work was associated with entrepreneurial initiatives. However, by 2020, only Long-term Orientation exhibited a negative effect, with the relationships between other factors weakening. This implies that short-term decision-making plays a crucial role in fostering business start-ups, highlighting the importance of governmental/administrative support, including swift procedures to facilitate such decisions. Japan's perfect Long-term Orientation score of 100 underscores the adverse conditions for entrepreneurship in the country.

The economic trajectory of Japan in recent years aligns with the findings of our analysis, indicating a detrimental cycle characterized by low market dynamism and sluggish economic growth. Conversely, little attention has been given to elucidating how Japanese companies achieved economic prosperity in the 1980s despite a low metabolic rate. This can be attributed to the shift in growth dynamics from traditional mass production industries like

automobiles and electronics to emerging sectors such as IT and biotechnology during the 1980s and 1990s. With industries transitioning to domains characterized by short product life cycles and rapid changes, the significance of swift market entry and exit escalated. Many established corporations leveraged IT to revamp their organizational structures and pursued a corporate strategy of "selection and concentration," thereby enhancing the importance of spin-offs and outsourcing in non-core areas. The proactive stance of the United States in initiating spin-offs from large corporations enabled it to adapt to these shifts more effectively. In contrast, Japan's sluggish market dynamics hindered its ability to respond.

Hence, the subsequent section will delve into the social and cultural milieu surrounding companies, drawing insights from a Japanese company that achieved rejuvenation through a corporate strategy of selection and concentration.

3.3 Case Analysis of Japanese Companies

(1) The importance of collaboration between companies and open innovation

Chaston and Scott (2012) conducted an investigation into the performance of companies integrating entrepreneurship and open innovation, revealing that entities exhibiting a high inclination towards open innovation experienced significantly greater sales growth [12]. Furthermore, Yoneyama et al. (2017) elucidated the uniformity and diversity among companies regarding their engagement in open innovation activities, drawing from a questionnaire survey conducted among Japanese, European, and American companies. Notably, the study highlighted disparities in the involvement of entrepreneurs and start-up companies as partners in open innovation endeavors, with a substantial proportion of Western firms collaborating with such entities at various stages, whereas Japanese companies exhibited notably lower engagement levels [13].

(2) Case Analysis

In recent times, major American corporations have embraced spin-offs and carve-outs as a strategy to overhaul their operations. For instance, DowDuPont, a prominent chemical manufacturer, commenced restructuring its business into three distinct entities in 2019. Meanwhile, IBM (International Business Machines) has pursued an aggressive acquisition strategy and spun off its PC (Personal Computer) business and system maintenance division, "Kyndryl." Likewise, GE (General Electric) has initiated the separation of its aviation, healthcare, and energy divisions, with plans to finalize the spin-off of the healthcare segment by January 2023 and the energy segment by 2024, while retaining the aviation division within the parent company.

The examples underscore how American corporations evade stagnation through a cycle of M&A activities, spin-offs and carve-outs. Contrastingly, Japanese companies have been slow to rejuvenate, unable to keep pace with U.S. companies. Regarding this, Otsubo (2017) points out that one of the causes of the persistent stagnation of the Japanese economy since the 1990s is that Japanese companies have been unable to utilize spin-offs and carve-outs [14].

However, even in Japan, the utilization of IT to reshape corporate structures and implement the "selection and concentration" strategy has resulted in the spin-off and outsourcing of non-core operations. Consequently, there has been a surge in the number of instances wherein companies enter the market as new ventures. This research provides case studies of Hitachi and Sony Group, which are representative major corporations in Japan with sales exceeding 5 trillion yen and operating profits over 500 billion yen.

1) Hitachi Case Study

Hitachi, formerly home to numerous subsidiaries listed on the Tokyo Stock Exchange, no longer boasts any such entities as of 2024. Notably, Hitachi Transport System was divested to KKR (Kohlberg Kravis Roberts), while Hitachi Chemical was acquired by Showa Denko (now Resonac). The proceeds from these divestitures have been channeled into M&A activities related to the company's three core businesses, yielding substantial profits.

2) Sony Group Case Study

As same as Hitachi's case of management strategy, Sony Group has outlined plans to spin off its wholly-owned financial subsidiary, Sony Financial Group, in 2025, relaunching it as an independent listed entity. Additionally, group company M3 continues to expand through acquisitions of startups. Like their American counterparts, these entities achieve corporate expansion through iterative cycles of M&A, spin-offs and carve-outs.

The cases of Hitachi and Sony Group, alongside the planned separation of JX Meals by ENEOS, Japan's largest oil company, underscore a growing trend among Japanese firms to embrace spin-offs and carve-outs, akin to American corporations.

Examining the trajectory of these companies against Japan's socio-economic backdrop underscores their endeavor to break free from traditional Japanese norms and characteristics. While the United States witnesses a surge in metabolic activity supported by its socio-economic culture, Japan maintains a market landscape where companies of varying productivity coexist, leading to low metabolic rates, which are reinforced by Japan's socio-economic milieu. Against this backdrop, instances of companies transitioning from the Japanese model to the American model align with Hypothesis 3, positing that "the metabolic model of American companies is also effective for Japan's economic and social culture and contributes to economic growth." Such instances serve as substantiating evidence for this hypothesis.

4 Conclusion and Discussion

This study undertaken an in-depth exploration of the correlation between corporate dynamics and economic growth. Research focus revolved around the entry, exit, and consolidation of companies, viewing economic dynamics as integral to overall economic resurgence and national growth. Additionally, this research conducted an analysis of growth strategies aimed at formulating a comprehensive model for corporate growth.

While existing research acknowledged the impact of country-specific social culture on corporate growth analysis, detailed examination of this influence remains inadequate. It is crucial to recognize that collaboration with other companies and M&A activities play a pivotal role in activating dynamics, yet few studies provide a thorough examination of these effects. Consequently, this study analyzed factors that foster corporate dynamics, emphasizing the significance of public awareness and entrepreneurial values in revitalizing dynamics, alongside the formulation of growth strategies through corporate initiatives and policies.

This study analysis revealed that many impediments to metabolic activation stem from socio-economic cultural influences. The shift of major industries towards fields characterized by short product life cycles and rapid responses underscores the increasing significance of swift industry entry and withdrawal, amplifying the importance of corporate spin-offs in revitalizing metabolic activity and driving economic growth. Moreover, this research highlighted the prevailing situation in Japan, where companies of all sizes persist in the market

regardless of their productivity levels, resulting in low metabolic rates. Notably, an increasing number of companies seek to break free from this scenario.

This research marked a crucial milestone in understanding the nexus between corporate growth strategies and economic advancement. On the other hand, a deeper analysis considering the institutional factors of each country will be a topic for future research. Furthermore, the role of innovation and human capital as factors promoting corporate vitality was not analyzed in this instance. In particular, a detailed analysis and time-series analysis of the causes behind the low dynamism of Japanese companies have not been sufficiently conducted.

As a potential area for further research, detailed time-series analysis of the correlation between corporate dynamics and economic growth across various countries is considered. While this research mainly focuses on Japan and the United States, it is essential to recognize that corporate dynamics are intricately linked to the socio-economic context of each nation. Therefore, expanding case studies to include a broader range of companies is crucial for dissecting the impact of various social and cultural factors and facilitating a nuanced analysis of how these elements interact and influence dynamic activities.

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