Economic Analysis of Location Behavior for High-end Maritime Service Cluster

by

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Date: 5 August 2016 (Friday)
Time: 10:30am - 11:30am
Venue: M103, Li Ka Shing Tower
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(Conducted in English)

Abstract:
This study examines location/relocation behavior of maritime service clusters using both empirical analysis and theoretical modeling. It consists of three parts. Firstly, we apply Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) to extract major factors of firm relocation. Since the EFA and CFA require strong support of literature and the previous study on maritime industry relocation are rare, we first applied the above method into ordinary industry, in which maritime firms are also included. Therefore, data of factors driving ordinary industry relocation was collected and analyzed. The preliminary results show that five major factors including business cost, expansion requirement, internal structure, environment and policy are extracted from the study. The aim of this part is to find main factors that have impact on ordinary firms’ moving behavior and the results yielded will pave the way for us to finish the maritime case.

Secondly, a logit model will be employed to investigate the interaction between factors extracted from study 1 and firms moving decision. After obtaining the major factors of firm relocation, this study will focus on examine the contribution of major factors in industry relocation.

Finally, a theoretical analysis will be established on shipping companies’ relocation behavior. Firms are assumed to be profit maximizers in determining whether to leave a site. With the increase number of firms join the cluster, firms can benefit from cost reduction. However, when the number of firms is too large, firms will suffer from dis-economies of scale, such as the competition for customers. We intend to find the equilibrium number of firms when each firm is maximizing its profits, identify the optimal public policies for the development of maritime service cluster facing competition from other countries or regions.

Bio:
Li Mengchi, Jessica received her Master Degree (2012) and Bachelor Degree (2011) from The Chinese University of Hong Kong (CUHK) and Minzu University of China respectively. She is currently pursuing her PhD degree under the supervision of Dr Luo Meifeng.

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All are welcome!