We examine the effect of local ethnicity diversity on attracting interstate capital investments. We find that county-level ethnicity diversity is positively associated with the likelihood of the local county being chosen as the location of interstate capital investments by firms headquartered in other states, after controlling for other county characteristics. This positive association is stronger when the investing firm’s home county has higher ethnicity diversity or when the investing firm ranks higher on diversity policies, operates in a high-technology industry or has higher R&D intensity. A county with greater ethnicity diversity also secures greater amounts of project investment made by firms from other states and more jobs are created by such investment. Overall, our results suggest that an ethnically diversified local environment helps attract high-technology firms or firms with a similar diversity orientation from other states. The evidence speaks to the debate over the effects of ethnicity diversity on economic development.

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Date: 14 April 2021 (Wednesday)
Time: 15:00 – 16:30
Venue: Zoom meeting Meeting ID: 920 4823 2957 (Passcode: classroom)
link: https://lingnan.zoom.us/j/92048232957?pwd=NzN5ZytLNDFRQmJFZGVHSlIz2cHdndz09
Language: English

*** All are Welcome ***