

## Labour productivity and openness of manufacturing industry of Guangdong, China

Lihong Yun<sup>1</sup> and J.A. Karunaratne<sup>2</sup>

<sup>1</sup>Institution for Business Economics Statistics and Information (ESI),  
University of Örebro, Sweden.

<sup>2</sup>Department of Economics, University of Karlstad, Sweden.  
E-mail:jakaru@hotmail.com

This paper attempts to examine the labour productivity and openness of Manufacturing Industry of Guangdong, China. Applying, respectively, cross-sectional data for Year 1995, the period of 1995-1997 and the period of 1998-2001, labour productivity among the 3-digit manufacturing industry appears to be statistically attributed to (1) the classical production factors: capital and skilled-labour intensity; (2) incentive variable: bonus; (3) and economic opening variable: foreign direct investment. In addition, foreign direct investment and export appear to be statistically endogenous with each other. In the simultaneous equations, it is seems that the former strongly positively contributes to the later activity, yet, the export is not statistically significantly correlated with the former activity. Nevertheless, the endogeneity of foreign direct investment is not statistically significant in the labour productivity regression. As an Asian LDC Sri Lanka also perseveres for promotion of external trade as China does and hence there are for sure lessons that Sri Lanka may learn from the experiences of China.

Key words: Labor productivity; Manufacturing industry; Factors of production  
Econometric modeling; Peoples' Republic of China