

RECONSTRUCTION DEMAND AND FIRM PERFORMANCE

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〈SUMMARY〉

The aim of this paper is to empirically investigate the effect of the reconstruction demand after the Great Tohoku Earthquake on firm performance by using micro-data of construction firms before and after the earthquake and focusing on their sales growth. We find that only firms in Miyagi Prefecture enjoy higher sales growth. This finding is robust to controlling for firm attributes. On the other hand, we also find that firms transacting with a larger number of banks attain significantly higher sales growth, which implies that firms that depend on a smaller number of financial institutions face financing constraint and cannot enjoy the benefit from the reconstruction demand.