

Seminar

“Improving or Disappearing: Firm-Level Adjustments to Minimum Wages in China”



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Contemporary China CEFC
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Date: 22 January 2018 (Monday)

Time: 2:30pm – 4:00pm

Venue: LBYG06, G/F, B.Y. Lam Building

Abstract: The paper is about how Chinese firms react to higher minimum wages, exploiting the 2004 minimum-wage Reform in China. After this reform, authors find the wage costs for surviving firms that were more exposed to minimum-wage hikes rose, but also that their productivity significantly improved, allowing them to absorb the cost shock without any change in their profitability and with limited job losses. The results are robust to pre-existing trend analysis and an IV strategy. However, the survival probability of the firms that were most exposed to minimum-wage hikes fell after the Reform. Firm-level productivity gains partly came from better inventory management and greater investment in capital, at the cost of a reduction in firm-level cash.

Biography: Professor Sandra Poncet has recently joined to teach at our Department of Economics. Since September 2016, Professor Poncet has started as a researcher at the French Centre for Research on Contemporary China CEFC (Hong Kong) by the CNRS (French scientific research funding agency). And she is also the redaction committee member of *Revue Economique* and the co-editor of *China Economic Review*.

Her research interests are Economic integration, FDI, trade performance, inequality, economic growth, Chinese economy.

All Are Welcome

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