

# Business Economics Mini-Conference 2014

## *Political Promotion, CEO Incentives, and the Relationship between Pay and Performance*

**Dr. Jerry Cao**

Dr. Cao serves as the Assistant Professor of Finance at Lee Kong Chian School of Business, Singapore Management University. He received Ph.D in Finance from Boston College, Boston, USA, MA in Economics from University of Western Ontario, London, Canada and BA in Economics from HuaZhong University of Science and Technology, Wuhan, P R China. He is also the Co-director of Asian Private Equity Institute, Research Affiliates of Centre Asset Management and Securitization and Centre of Corporate Governance and Social Responsibility, Sim Kim Boon Institute of Finance and Economics, SMU. His general interest includes, IPO, Private Equity/ Venture Capital, Innovation, Corporate Governance and Family Business.



## *Minimum Wages and Employment in China (using merged county-level minimum wage data and national household panel data)*

**Prof. Tong Fang**

Prof. Tony Fang is currently the director of the Master of International Business Program and the Associate Professor of Monash University, as well as the Associate Professor (Status) of the Centre for IR & HR at University of Toronto. He got his Ph.D. in Industrial Relations and Human Resource Management from the University of Toronto; M.A. and B.A. in Economics from Memorial University of Newfoundland and Shandong University, P.R. China respectively. His areas of research interest encompass issues of compensation and benefits, high performance workplace practices, pension, retirement policy and the aging workforce.



**Tuesday, May 13, 2014 | 10:00 am - 1:00 pm**  
**HG01, Ho Yin Convention Centre, University of Macau**



澳門大學  
UNIVERSIDADE DE MACAU  
UNIVERSITY OF MACAU

工商管理學院  
Faculty of Business Administration

# Business Economics Mini-Conference 2014

Tuesday, May 13, 2014 | 10:00 am - 1:00 pm  
HG01, Ho Yin Convention Centre, University of Macau



澳門大學  
UNIVERSIDADE DE MACAU  
UNIVERSITY OF MACAU

工商管理學院  
Faculty of Business Administration

## Schedule for the Business Economics Mini-Conference 2014

|             |  |
|-------------|--|
| 10:00~10:10 | Opening  |
| 10:10~11:25 | <p>Presentation by <b>Dr. Jerry Cao</b>, Assistant Professor of Finance at Lee Kong Chian School of Business, Singapore Management University</p> <p>Title: Political Promotion, CEO Incentives, and the Relationship between Pay and Performance</p> <p>Abstract:<br/>Both theory and empirical evidence suggest that career concerns of managers can serve as an important source of implicit economic incentives. We examine how incentives for political promotion are related to compensation policy and firm performance in Chinese state-owned enterprises (SOEs). We find that the likelihood that the CEO receives a political promotion is positively related to firm performance. We also find that CEOs with a higher likelihood of political promotion have lower pay levels and lower pay-to-performance sensitivity. Overall, the evidence suggests that competition in the political job market helps mitigate weak monetary incentives for CEOs in China.</p>   |
| 11:25~11:45 | Tea Break  |
| 11:45~13:00 | <p>Presentation by <b>Prof. Tony Fang</b>, Director of the Master of International Business Program and Associate Professor of Monash University</p> <p>Title: Minimum Wages and Employment in China (using merges country-level minimum wage data and national household panel data)</p> <p>Abstract:<br/>Since China promulgated new minimum wage regulations in 2004, the magnitude and frequency of changes in the minimum wage have been substantial, both over time and across jurisdictions. This paper uses county-level minimum wage panel data and a longitudinal household survey from 16 representative provinces to estimate the employment effects of minimum wage changes in China over the period of 2004 to 2009. In contrast to the mixed results of previous studies using provincial-level data, we present evidence that minimum wage changes have significant adverse effects on employment in the Eastern and Central regions of China, and result in disemployment for females, young adults, and low-skilled workers.</p> |