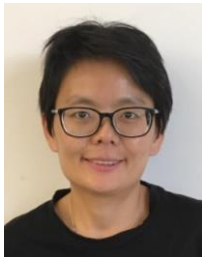


ENTREPRENEURIAL RELUCTANCE: ACADEMIC TALENT AND FIRM CREATION IN CHINA

Are academic talents more or less likely to establish firms and why? We investigate this question by linking administrative data on college graduates in their 30s with information on the universe of firms in China. We document that within colleges, individuals with higher college entrance exam scores are less likely to create firms. We allow for different interpretations of this fact in a conceptual framework and test these interpretations by exploiting data on firm success, personal background and business cycles. We find that (i) firms created by higher-score students are larger and more successful, (ii) the negative score-firm creation link is stronger for male (vs. female), for urban (vs. rural), and for those from better high schools, which is mirrored by a stronger positive score-wage link for these more advantaged groups in survey data, and (iii) the negative score-firm creation link is also stronger when one's home province experienced better economic growth in one's graduation year. These empirical patterns are most consistent with the hypothesis that scores are positively correlated with entrepreneurial ability but higher-score students are attracted away by non-entrepreneur sectors.

Ruixue Jia

Associate Professor, University of California San Diego



Ruixue Jia is an associate professor of economics at the School of Policy and Strategy, UC San Diego. Her research interest is the interplay of economics, history and politics. She has published research on how open access to elite status matters for political stability. She has also studied how competence and loyalty jointly determines who becomes a top politician in China. Her recent interest expands to understanding the transformation process of the Chinese manufacturing sector and the behavior of firms.



CENTRE FOR ASIAN LEGAL STUDIES

March

6

FRIDAY

12:00 –
1:30PM

*DLA Piper Hall,
(room 104)*

Please RSVP to
cal@allard.ubc.ca



ALLARD
SCHOOL OF LAW

