This paper studies the effects of minimum wage policies on new business entries in China using county-level minimum wage and firm registration data. We address endogeneity concerns regarding local minimum wage rates using a refined border approach which examines whether differential changes in minimum wage rates on both sides of a county border result in abrupt changes in business entries within short distances from the border. Our results suggest that a 10% increase in the minimum wage decreases new business entries by 2.38% and that this effect is magnified for industries that pay lower average salaries or employ a larger share of unskilled workers as well as in periods that feature stricter enforcement of minimum wage policies.

SPEAKER BIO: Sifan Zhou is an Assistant professor at the Wang Yanan Institute for Studies in Economics (WISE) and School of Economics (SOE) at Xiamen University. From 2015–2017 she was a Postdoc Fellow at the Center of Mathematical Sciences and Applications, Harvard University, and from 2012–2015 a Research Fellow at the Labor and Work life Program at the Harvard Law School. Her research interests is in Applied Microeconomics, Labor Economics, Economics of Science, Technology, and Innovation.

BIO: Xiaoying Li (Sun Yat-sen University)
BIO: Dongbo Shi (Shanghai Jiao Tong University)