
**An Assessment of the Firm Level Impacts of
Innovation, Export, Productivity Catch-up and Wages
on Employment Growth in Chinese Manufacturing***

By

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Abstract

This paper presents empirical evidence on the impacts of a number of important factors on employment growth at the firm level for a very large and representative panel data sample of Chinese manufacturing firms for the eight year period 1999-2006; it also explore how these impacts may vary across regions and industries, ownerships types and firm size classes. The analysis extends a previous one mainly focusing on the impact of innovation on employment for the same sample, which was directly based on the regression model proposed by Harrison, Jaumandreu, Mairesse and Peters (HJMP, 2008) and allowed a comparison of their results for France, Germany, Spain and the United Kingdom with the corresponding ones found for China (see Mairesse, Wu, Zhao and Zhen, 2012). The present study considers other important factors allowing us to decompose overall employment growth in several components respectively associated with the output growth of unchanged and innovating (“old” and “new”) products for domestic demand and for export demand, with average productivity growth and wage growth, investment in fixed assets and catch-up to industry national or regional productivity frontier. The resulting picture is one of a complex pattern of effects, in which demand for old products and for domestic markets mainly, but also for new products and export markets, overcompensate the displacement effects related mostly to catch up productivity progress and to a lesser extent to wage increases.

JEL Classification: D2, J23, L1, O31, O33.

Key Words: Employment Growth, Productivity, Product Innovation, Export, China

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