



You are cordially invited to

UCLouvain Economics Seminar

**On Thursday February 16, 2017, from 12:45 to 14:00
Doyen 22, Place des Doyens, 1**

Kalina Manova
(Oxford University)

Will give a presentation on

Managing trade: evidence from China and the US

Abstract:

We present a heterogeneous-Örm model in which management ability increases both production efficiency and product quality. In particular, better managed Örms use more sophisticated inputs and assembly technologies to more efficiently produce goods of higher quality. Combining six micro-datasets on management practices, production and trade in Chinese and American Örms, we Önd support for the model’s predictions across both countries. First, better managed Örms are more likely to export, sell more products to more destination countries, and earn higher export revenues and proÖts. Second, better managed exporters have higher prices, higher quality, and lower quality-adjusted prices. They also source more imported inputs, a wider range of inputs, more expensive inputs, and more inputs from advanced economies. The structural estimates from our model suggest that management is important for improving productive efficiency in both countries, but it matters more for raising quality in China than in the US. Poor management practices may thus hinder trade, growth and entrepreneurship in developing countries.

(Joint paper with Nick Bloom Stanford University, John Van Reenen MIT, Stephen Sun Peking University, Zhihong Yu University of Nottingham)

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