

Title: Managerial Capital and Adverse Shocks: Evidence from the 2018 US-China Trade War

Speaker: Prof. Jagadeesh Sivadasan, University of Michigan

Area: Economics

Date: 15.05.2025, Venue: N101 @ 3PM

Abstract:

Executive human capital is a critical asset for firms navigating adverse shocks that disrupt normal operations. Leveraging the U.S.–China trade war in 2018 as a plausibly exogenous source of negative trade shocks, we examine how companies adjust the composition of their executive team to manage adversity. We find that firms more exposed to the trade shock hire more executives with overseas experience, especially those with marketing expertise and backgrounds in European markets. Consistent with increased demand for such expertise, these executives receive higher compensation following the onset of the trade war, especially through equity-based incentives. We provide suggestive evidence that these executives contribute to maintaining overseas revenue and expanding foreign subsidiaries. Moreover, the stock market responds more negatively to the unexpected departure of such executives during the trade conflict period. Similarly, we also document that US firms increased non-Chinese Asia-related representation on their boards. Together, our findings highlight the role of executive human capital in firms' strategic response to external shocks and underscore how firms actively restructure leadership to enhance resilience.

Speaker Profile:



Jagadeesh Sivadasan is the Buzz and Judy Newton Professor of Business Administration in the Business Economics and Public Policy group of the Ross School of Business, and a faculty associate at the Institute of Social Research, at the University of Michigan. His recent research is focused on understanding the drivers of firm entry, growth and productivity, and worker performance and mobility. Ongoing and recent work include analysis of the response of Chinese firms to the 2018 trade war, the influence of reduced fertility on female entrepreneurship in China, the effect of commute improvement on worker performance, and analysis of US firm growth patterns.

Jagadeesh teaches the core applied microeconomics course in the Full-Time, Weekend and executive MBA programs. His MBA elective course, Incentives and Productivity, presents an economics-grounded approach to human capital management. He also teaches in the PhD program at Ross. Jagadeesh has served as the director of the FT MBA program, and as the chairperson of the Business Economics and Public Policy group. He was the recipient of the 2018 Victor L Bernard Teaching

Leadership award, and the 2019 Ross School of Business Neary Teaching Excellence Award (from the FT MBA class of 2019).

Jagadeesh is an alumnus of IIM Bangalore, where he completed a PGDM after a BTech at IIT Madras. He then worked as a Senior Consultant at Arthur Andersen, before completing PhD from the Booth School of Business at the University of Chicago.

Webpage Link: <https://michiganross.umich.edu/faculty-research/faculty/jagadeesh-sivadasan>

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Time: May 15, 2025 03:00 PM India

Join Zoom Meeting

<https://iim-b.zoom.us/j/92921938400>

Meeting ID: **929 2193 8400**

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