

## Il Dipartimento di Economia Organizza il Seminario

### THE EFFECT OF R&D GROWTH ON EMPLOYMENT AND SELF-EMPLOYMENT IN LOCAL LABOUR MARKETS

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**Abstract:**

The paper investigates the effects of firms' investment in Research and Development (R&D) on employment dynamics in the British local labour markets (Travel to Work Areas). We distinguish between local areas characterised by high and low routinisation of the workforce. We implement a robust instrumenting strategy to address endogeneity issues in the relation between innovation and employment. Our results suggest that increases in R&D investments mainly affect routinised areas, where the employment created is low skilled, concentrated in non-tradable sectors (like transport, construction) and services. A significant share of the jobs created is (unincorporated) self-employment, concentrated in the 25-34 age cohort. We qualify the effect of R&D on self-employment by looking at local firms' dynamics, which suggest that the increase in self-employment is reflected in a higher number of micro-firms. Rather, in non-routinized areas, R&D results in the expected increase in the demand of high-skilled workers and a reduced demand of low-skill employment.

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La partecipazione è aperta a tutti gli interessati