Firm Innovation and Wage Inequality

Seminar Series 2018 - 19
Prof. Maria Savona
Monday 25 March 15:45 - 17:00

The paper looks at the redistribution of innovation wage premium across categories of occupations and gender. Using matched employee-employer data from the manufacturing sector in the UK we find an elasticity from R&D expenditure to hourly wages of 0.41. We exploit USA growth of imports from China following China’s accession to the WTO as a source of import competition to predict R&D expenditure of UK firms. The elasticity varies by the type of occupation and gender. Workers in better paid occupations enjoy a larger gain, while workers in highly routinised occupations gain less. Not surprisingly with respect to the literature on the gender wage gap, men gain twice as much as women. Together, these results suggest that innovation offers wage gains that are not evenly distributed across occupations and gender.

Maria Savona is Professor of Innovation and Evolutionary Economics at SPRU, Science Policy Research Unit at the University of Sussex, UK. She was previously at the University of Cambridge, UK, Universities of Strasbourg and Lille 1, France. Her research focus on the economics of innovation, employment and wage inequality; the structural change of the sectoral composition of economies, particularly the emergence of global value chains in services; economics and policy of innovation in services; spatial distribution of innovation and production activities; barriers to innovation and innovation failures. She has led and co-led grants funded by: the JRF on The Local Distribution of Productivity Gains: Heterogenous effects; the ESRC on Technical change, employment & inequality. A spatial analysis of households & plant data; the H2020 on Innovation-Fuelled, Sustainable and Inclusive Growth; the IDRC on Pathways of Structural Change and Inclusive Development. She has advised the IADB; ECLAC; UN ESCAP; OECD; NESTA; BEIS, DETI. She is an Editor for Research Policy; AE for the Journal of Evolutionary Economics. She is an Academic Member of the ESRC Peer Review College and in evaluation panels for the EC, National Research Councils of Canada, Finland, Luxembourg, Italy, Norway, UK, US. She is currently a member of the High Level Expert Group on the Impact of Digital Transformation on EU Labour Markets for the European Commission.

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