

Young Innovative Companies

Laurie Ciaramella, Télécom Paris - CREST - Institut Polytechnique de Paris

Abstract

In this paper, we study the impact of reductions in the cost of innovative labor on start-up success and innovation. To do so, we rely on rich administrative data, and exploit (1) the features and (2) the reformation of the French Jeune Entreprise Innovante (JEI) scheme. Launched in 2004 and still ongoing, the JEI policy exempts eligible young innovative companies from paying social security contributions for their R&D personnel, hence subsidizing innovative labor. The JEI scheme has since been reformed, generating exogenous variations in the cost of labor for the affected firms, hence providing an ideal set-up for causal empirical analysis. This project will contribute to the literature on R&D subsidies by estimating the impact of labor subsidies on start-ups' performance and innovative output.