ECONOMICS STUDY GROUP SEMINAR

Sourav Bhattacharya
Royal Holloway University of London

shall present

"Intellectual Property Regimes and Firm Structure"

Abstract: We use The Patents (Amendment) Act, 2002 in India as a quasi-natural experiment to identify the causal effect of higher incentives for innovation on firm organizational features. We find that stronger intellectual property (IP) protection has a sharper impact on technologically advanced firms, i.e., firms that were a-priori above the industry median in terms of technology adoption. While there is an overall increase in managers’ share of compensation, this increase is about 1.6-1.7% more for high-tech firms. This difference can be attributed to a larger increase in performance pay for high-tech firms. The reform also leads to a significant increase in number of managerial layers and number of divisions for high-tech firms relative to low-tech firms, but only the latter effect is correlated with the differential change in managerial compensation. Broadly, we demonstrate that stronger IP protection leads to an increase in both within-firm and between-firm wage inequality, with more robust evidence for between-firm inequality.

Date: Wednesday, 25th April, 2018, 3.00-4.00 pm
Venue: CSSSC, Patuli Campus

Dr. Tushar Nandi
(Seminar Sub-Committee)

All are welcome to attend.