

**Incentive Pay or Windfalls:
Remuneration for Employee Inventions in Japan**

Hideo Owan

Aoyama Gakuin University

Koichiro Onishi

Osaka Institute of Technology

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Abstracts

In this study, we examine the impact of the legal treatment of invention remuneration policies on R&D performance based on the few surveys including the 2005 IIP Invention Remuneration Survey, the 2007 RIETI Inventor Survey and its follow-up survey in 2008. First, we find that near 40% of inventors believed that they did not have revenue-based remuneration when their employers actually had instituted such policies, which is eye-opening but in accordance with 2003 IPO survey. Second, we estimate the effect of monetary compensation on other sources of motivation like a internal motivation, and find that having monetary compensation might crowd out other sources of motivation. Third, we don't find that any evidence that monetary compensation is affecting the quality of patents or likelihood of commercialization.