

# Determinants of Quantitative and Qualitative Employment Growth: A Comparison between R&D-oriented and Other Start-ups in Japan

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## Abstract

Start-ups are expected to contribute to innovation and job creation. Several studies have been conducted so far on the determinants of employment growth, but still little is known about the differences between R&D-oriented and other start-ups. Moreover, we argue that not only the quantitative, but also the qualitative employment growth (changes in workforce composition) matters in evaluating the contributions by start-ups. We empirically examine the determinants of quantitative and qualitative employment growth in Japanese start-ups based on a unique panel dataset, comparing between R&D-oriented and other firms. Empirical results show that 1) founder's human capital (education and work experience) does not significantly affect quantitative employment growth, while work experience positively affects the share of regular workforce, 2) R&D-oriented start-ups do not differ from the other start-ups in quantitative and qualitative employment growth, and 3) public subsidies at start-up increase both quantitative and qualitative employment growth of the R&D-oriented, but not of the other start-ups.

Keywords: Start-up, R&D-oriented firm, employment growth, workforce composition, Japan.

## Acknowledgments:

The research for this paper obtained financial support from the Japan Society for the Promotion of Sciences (JSPS), Basic Research (A) (No. 20243018). The authors are grateful for this support.

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