

FLEXIBLE LABOR AND INNOVATION PERFORMANCE OF R&D-ORIENTED START-UPS IN JAPAN

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ABSTRACT

Whether to make labor market flexible is a topic of political debate in most developed countries due to the positive impact of flexibility on economic growth. Using a sample of R&D-oriented Japanese start-ups, this paper aims to shed the light on the relationship between flexible labor and innovation of start-ups, which has been overlooked. Our results indicate that numerical flexibility by using temporary employees contributes positively to technological innovation performance while negatively to patent application. External labour turnover of regular employees has a positive impact on patent application. Based on our results, implications to literature and policy-makers are discussed.

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