Endogenous R&D networks when labour unions have preferences over wages and employment
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Abstract
We develop a model to analyse the pattern of R&D network formation when unions have relative preferences over wages and employment. Within a three-firm industry, we show that when the unions place a low weight on wages and technological spillovers are low, a partial R&D network that includes two firms but excludes the third emerges in equilibrium. In contrast, when the unions care a lot about wages, a complete R&D network that includes all firms emerges. For all other intermediate levels of union preferences over wages, there is no strong stable equilibrium network. Empirical implications emerge from these findings, which are also discussed. © 2015 Taylor & Francis.

Author Keywords
Innovation; Labour unions; R&D collaboration; Wages

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