

## The innovation premium to soft skills in low-skilled occupations

*A growing literature emphasises that firm heterogeneity plays a large role in explaining wage differences across workers. This column highlights one channel through which firm features feed through into the wages of workers in low-skilled occupations, namely, the interplay between a firm's innovativeness and the complementarity between the (soft) skills of workers in low-skilled occupations and the firm's other assets. It shows that more R&D-intensive firms pay higher wages on average, and in particular workers in certain low-skilled occupations benefit considerably from working in more R&D-intensive firms.*

The earnings of workers in the bottom part of the earnings distribution have performed poorly in recent decades across many countries. In the UK, the lowest-earning working households today earn little more than their counterparts in the mid-1990s (Joyce and Xu 2019: Figure 4). This has led to considerable interest in what policies might be effective at boosting earnings of these workers...

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