

**Is there skill-biased technological change in Italian manufacturing?  
Evidence from firm-Level data**

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The bulk of literature finding support for the Skill-Biased Technological Change (SBTC) hypothesis has focused on the US and the UK, while evidence on other countries is 'mixed'. We use firm-level data to test for the presence of SBTC in Italian manufacturing. This is interesting since, as well known, Italy is a 'late comer' country and stands as a follower in the realm of new technologies. We estimate employment-share equations and find evidence that the impact of R&D on the skill-ratio (the ratio between white collars and blue collars) varies across Pavitt sectors and according to destination of R&D. However, whenever evidence supporting SBTC (i.e. a positive impact on the skill-ratio) is found, it mainly operates through the reduction of unskilled workers. This can be easily reconciled with the structural features of Italian manufacturing where traditional sectors and small and medium sized firms prevail, innovative activity is scarce and mainly labour-saving and the capacity to absorb skilled labour rather limited.

Keywords: Firm-level, Labour demand, ICT, R&D, Italy, Manufacturing, Skill-biased technological change.