# FME HighEFF

## Centre for an Energy Efficient and Competitive Industry for the Future



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#### Abstract

Public R&D subsidies are often used to increase firms' R&D investments and innovation efforts. However, relatively little is known about how such firm-level additionalities emerge and how different types of additionalities interrelate over time. This study examines 15 cases of successful R&D projects to explore the additionality effects firms might achieve as a result of public subsidies. We find that the effects of public R&D subsidies depend on firm characteristics and occur at different stages (start of project, during project and after project). For science-based firms, the subsidy appears to increase innovation and knowledge development after the projects and to enhance firms' organizational goals regarding strategic R&D orientation. For engineering-based firms, the subsidy is used to leverage internal collaboration and leads to output from R&D activities, mainly during the projects. We assess different types of additionality effects from public R&D subsidies, and we identify sub-dimensions of output and behavioural additionalities and theorize on their interrelations. Our study provides guidance for policy and practice related to how different types of firms can benefit from subsidized R&D projects.

The paper has not been published yet.