This research project will study how to manage innovation in organizations. For example, how organizations should adapt to deal with creative workers? In particular, what practices, incentive systems, and institutions attract, retain, and motivate such workers more effectively?

In Manso (2011), the innovation process is modeled as an experimentation, trial-and-error process. In this research, and in contrast to Manso (2011), workers will differ according to their creativity (ability to come up with and explore new ideas). The question asked will then be: what is the optimal contract and task design to attract different types of workers? This question will require theoretical analysis in a general contracting model.

Another dimension of the proposal is to investigate what corporate governance practices induce innovation. Expanding on Balmeier, Fleming, and Manso (2017), we will examine questions such as do dual-class shares allow founders to innovate more?; Is an environment where investors can litigate the company and its managers conducive to exploratory innovation?