CIFREM SEMINARS

The effect of social capital and external knowledge acquisition on process and product innovation (con Keld Laursen)

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To introduce new products and processes, firms often need to acquire knowledge developed in other firms and organizations. We argue that not only is the success of such acquisitions for the success of the development of product and product innovations dependent on strategic and economic variables, it may also be contingent on the social capital available in the geographical area in which the firm is located. The effect of social capital to innovation is obtained by reducing transaction costs between firms and between firms and other organizations, including search and information costs, bargaining and decision costs, and policing and enforcement costs. Combining data on social capital at the level of 21 regions with a large scale data set on innovative activities by a representative sample of 2475 Italian manufacturing firms, we find that — after controlling for a large set of firm characteristics and regional variables — being located in regions characterized by high level of social interaction leads to a higher propensity to innovate. Moreover, being located in an area characterized by a high degree of social interaction positively moderates the effectiveness of externally acquired R&D on innovation.

Referente

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