



## ABSTRACT WORKING PAPER 5.7

### CULTURAL DIVERSITY, SOCIAL CAPITAL AND INNOVATIVE CAPACITY OF REGION-INDUSTRIES

January 2013

Many studies from innovation management and strategic management have put to light the positive role of social capital (SC) on innovative performance at firm level, firm's unit level, work team level, or even firm's individual members level. However, a review of these studies reveals that 2 different – and potentially antagonistic – aspects of SC are generally mentioned as playing a role in that process: the cohesive aspect (e.g. closure of the network, norms of reciprocity, density of network that eases knowledge diffusion, etc.) and the external range aspect (e.g. bridging positions, diversity of information exchanged, heterogeneity of links between the network's actors, etc.). While many authors have chosen to focus on one or the other aspect of SC in their studies, some have tried to put forth their complementarity (Reagans & Zuckerman, 2001; Tortoriello & Khackhardt, 2010) and have shown that the effect of “Cultural diversity” on innovative performance is better accounted for through the combination of these two social capital variables. Adopting this bi-dimensional view of SC, we propose to study the impact of SC – and thus of cultural diversity – on innovative performance at a more aggregated level: the region-industry level.

In this paper, we develop a framework to test empirically the relation between SC and innovative performance at this level, in the context of the electric device industry, during the period 1997-2005, for 32 EU regions. We use the OECD REGPAT 2010 database of EPO patents to build each region-industry's network of co-invention relationships between relevant inventors, and to account for region-industry's innovative performance.