

The bright side of Social Capital: How 'bridging' makes Italian provinces more innovative

Riccardo Crescenzi
Department of Geography and Environment & SERC
London School of Economics
r.crescenzi@lse.ac.uk

Luisa Gagliardi
Research Area of Economic and Institutional Change
IMT- Lucca
l.gagliardi@imtlucca.it

Marco Percoco
Department of Public Policy and Management and CERTeT
Università Bocconi
marco.percoco@unibocconi.it

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Abstract

Social capital has remained relatively underexplored in the innovation literature. Existing studies have failed to reach a consensus on its impact on local innovative performance: some empirical analyses emphasize a positive effect, others warned against the 'dark side' of social capital. This paper aims to fill this gap by shedding new light on the differential role of 'bonding' and 'bridging' social capital. The quantitative analysis of the innovative performance of the Italian provinces shows that social capital is an important predictor for innovative performance after controlling for the 'traditional' knowledge inputs (R&D investments and human capital endowment) and other characteristics of the local economy. However, only 'bridging' social capital – based on weak ties – can be identified as the key driver of the process of innovation while 'bonding' social capital is shown to be negative for innovation. The instrumental variable analysis makes it possible to identify a clear causal link from bridging (positive) and bonding (negative) social capital to innovation.

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