The correlation between social capital and incremental innovation in small and medium enterprises: a European cross-country comparison

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1 Introduction

• Social capital and innovation are fundamental factors of development and leadership
• Relationship between social capital and innovation is by now tested

BUT

• More difficult to identify precisely the relationship between social capital and incremental innovation

WITH THIS WORK

• Attempt to test this correlation in different size firms

TWO MAIN HYPOTHESIS OF THIS WORK

• Exist a correlation between social capital and incremental innovation
• There is a difference in the results between small and medium enterprises

2 Methods

• Classical regression methods with use of instrumental variables
• Setting-up of four models, two for small enterprises (10-49 employees) and two for medium enterprises (50-249 employees)
• Two dependent variables that individuate the two models for each size of firms:
  ➢ number of organisational innovations
  ➢ marketing innovations
• Three independent variables for each model:
  generalized trust; institutional trust, membership
• Three instrumental variables for each model:
  tertiary education level attainment, population, geographical position in the Mediterranean area

3 RESULTS

1° hypothesis: weak confirmation

2° hypothesis: confirmation

4 Discussion

There is a correlation between social capital and innovation, but with weak confirmation (P-value partially significant)

There is a difference between small and medium enterprises (no significant P-Value in model 3 and 4)

Difficult to identify valid instrumental variables (weaker results than OLS estimations)