

An Extended Abstract of
“Ties That Bind: The Role of Ethnic Inventors in Multinational Enterprises’ Knowledge
Integration and Exploitation”

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Abstract

Geographically dispersed reservoirs of knowledge represent significant opportunities for multinational enterprises (MNEs), both in terms of feeding the firm’s innovation process, as well as to adapting technology to new markets. They face serious challenges in accomplishing these tasks, due to the well-known barriers associated with the transfer of knowledge out of its local context. We argue that *ethnic inventors* might play a role in alleviating these challenges, by acting as a *bridge* between their countries of origin (CoO) and the MNE headquarters. Using USPTO data on *internationally connected patents* granted to US-based MNEs operating in knowledge-intensive industries over the period 1975-2009, our empirical exercise shows that patents involving ethnic inventors from a given CoO are associated to greater integration of knowledge originating from that CoO in the MNE innovation process. Further investigation indicates that this effect is bounded to knowledge developed within the MNE’s network, suggesting that ethnic ties – *per se* – might not be sufficiently powerful to overcome the joint barriers of national borders and organizational boundaries. Finally, our analysis reveals that ethnic inventors could also be associated with knowledge exploitation in their CoO. This seems to occur in CoOs plagued by market-related institutional voids.

Keywords: migration, inventors, multinational enterprises, knowledge integration, knowledge exploitation, ethnic ties

[The full paper is available upon request from the authors]