

**Indian Institute of Management Calcutta
Fellow Programme**

**Thesis Title:
Effects of Slack, Different Strategy Dimensions and Organicity on
Innovation Performance in Indian Manufacturing Organizations**

Roma Puri

ABSTRACT

Innovations have attracted the interests of both managers and academicians. Researchers, over the decades, have explored different factors that may determine innovations, but the field of innovation studies still lacks consistency and is not supported by a strong theoretical foundation. In the present study an effort was made to understand the role of strategy, slack resources and the mode of R&D in the innovation performance of manufacturing organizations.

Based on previous research it was found that there were a lot of studies linking slack resources with innovations and this relationship was supposed to be effective only up to a certain optimal point. No effort was made in the previous studies to explore the role of other organizational factors that could influence the slack-innovation relationship. It was proposed in the present study that factors, such as innovation strategy, organicity and the mode of R&D would have a role in the slack-innovation relationship. Three different forms of slack - available, potential and recoverable, were considered and the innovation performance for the last five years was measured through the number of new products launched, the number of patents filed, the number of patents granted and the novelty of the products launched. The other variables were innovation strategy comprising the R&D intensity, the mode of conducting R&D (internal, collaboration and outsourcing) and aggressive posture; organicity; and related diversification. It was hypothesized that these variables individually would influence the innovation performance and would interact with other variables (slack with R&D Intensity, with aggressive posture, with mode of R&D and related diversification and also slack, strategic posture and mode of R&D together) to impact the innovation performance.

Data was collected from 68 manufacturing organizations from all over India using questionnaires to be filled by the Head of R&D and members of the R&D team. Slack resources were measured using both financial and perceptual measures. The hypotheses were tested using multivariate regression analysis.

The significant findings of the study were that slack, when considered individually, does not play a significant role in enhancing innovations in organizations. But when slack is linked with other important variables like the organization's aggressive posture with reference to innovations, the mode of R&D used by the organization - internal, collaboration and outsourcing, slack assumes a lot of importance. It can be said that slack, as it emerges from the study, acts as a kind of facilitator in the process of product innovations. The important determinants of new products were: the number of personnel in the research department, related diversification and the number of innovation projects completed through internal R&D. In the case of patents, the interactions between slack variables and the mode of R&D variables and between slack and the related diversification variables and also among slack, aggressive posture and mode of R&D were important. In the case of novelty the important variables were aggressive posture, potential slack, outsourcing mode of R&D and R&D Intensity, although the results in the case of novelty were not very robust. This implies that organizations that have a focused innovation strategy and combine different modes of R&D are more successful at innovations.