Chapter 6
Key Findings & Interpretation
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Second Order effects:

The result of the second order mediation analysis of the Hypothesis (H1) highlights the importance of complementary mediating (Zhao et al. 2010) nature of Organizational slack; Speed of Response (SR) and Product Market Response (PMR) between Adaptive Capability and Firm performance frame work. This finding suggests that Organizational Slack, Speed of Response and Product Market Response are well within our theoretical framework, it also can enhance firm performance.

The magnitude of the relationship changes with the inclusion of Speed of Response (SR) and Product Market Response (PMR) in the baseline model (H1). This finding suggests that critical nature of Speed of Response (SR) and Product Market Response (PMR) in enacting the potential of Slack Resources and Adaptive Capabilities by enhancing the firm performance.

The result of the second order mediation analysis of the Hypothesis (H2) highlights that Organizational Slack act as a competitive mediator (Zhao et al. 2010) with firm performance without changing the magnitude of the relation as not in the case of hypothesis (H1), the significance of the direct in both Hypothesis (H1) & (H2) point to the possible omitted mediator that can be pursued for the future research (Zhao et al. 2010). The mediator identified is consistent with hypothesized theoretical frame work; there could be a consideration for omitted variable between Adaptive Capability and firm performance for the framework. There is a scope for further research on identifying the omitted variable for mediation testing. However surprisingly after removal of Speed of
Response (SR) and Product Market Response (PMR) (H2) the mediation effect increased close to zero with possible close full mediation effect at $\beta = -.16$.

The hypothesis model (H1) though partially mediates it enhances the magnitude of performance to eight percent and in contrast the hypnotized model II (H2) was close to full mediation with no magnitude change. From the difference, we infer that Indian companies are strategically inclined to Ricardian rent perspective of revenue generation with moderate performance. Indian firms are less focused on the incremental innovation based strategy even though it is proved to enhance performance for some companies in the sample.

Further the confirmation of mediating effect and enhancement of performance by hypothesized model (H1) asserts that the value created by acquiring Adaptive Capability is appropriated only by focusing on product development and modification otherwise firms have to survive with whatever they have without growth and one point of time they will exhaust all their slack resources. This contrast in Hypothesis (H1) and (H2) also make us to infer that how some companies outperformed others during the turbulent environment and some stay floated in the business. We infer that survived firms taken Ricardian perspective of rent creation and out performers adopted Schumpeterian perspective that’s why they are enhanced their performance.

First order effects:

The result confirms series of treble mediation effect from Adaptive Capabilities to Firm Performance through Organizational Slack, Speed of Response (SR) and Product Market Response (PMR) is strongly supported to our hypothesis (H1a1-H1d4) consistent with second order effects analysis. However in the
relationship between Technology Adaptive Capability (TAC), Organizational Adaptive Capability (OAC) and Non Market Strategy (NMS) and firm performance Organizational Slack Speed of Response (SR) and Product Market Response (PMR) are acting as a competitive mediator in this sequence of nomological network as it is negatively related to firm performance.

From the findings we infer that Technology adaptation, innovation and non-market strategy consumes slack resources however it can’t guarantee firm performance. In the Indian context democratic management style may not work out or management style is nothing to with firm performance directly and not necessarily consume slack resources. It may be contributed to firm performance and product modification/development by co-variation with other functional adaptive Capabilities.

In case of Non Market Strategy (NMS) though it’s positively related to firm performance, presence of slack makes this relation negatively related to firm performance. From our observation as competitive mediator, Organizational Slack Speed of Response (SR) and Product Market Response (PMR) may not contribute to firm performance. Which may be Non Market Strategy (NMS) though consumes slack resources not necessarily guarantee firm performance. So it’s better not to invest too much on Non Market Strategy (NMS).

The relationship between Marketing Adaptive Capability (MAC) and firm performance linkage, Organizational Slack, Speed of Response (SR) and Product Market Response (PMR) are acting as a complimentary mediator as it is positively significant. This positive relation proves that Marketing Adaptive Capability (MAC) enhances firm performance by consuming Slack resources and modifying/launching new product makes firm perform better.
In case of hypothesis (H2a1-H2d4) we understand that Organizational Adaptive Capability (OAC) and Market Adaptive Capability (MAC) fully mediated by organizational Slack. From this full indirect mediation we understand Organizational Adaptive Capability (OAC) and Market Adaptive Capability (MAC) are using just Organizational Slack as a mediator not Product Market Response (PMR) and Speed of Response (SR) in the frame work.

Organizational Slack does not mediate with Non Market Strategy which suggest that Non Market strategy is useful only when a company is able to response quickly and have product market responsiveness, otherwise having only Non Market Strategy (NMS) and Organizational Slack doesn’t have any effect. This strengthens our claim on Hypothesis H1 & H1a1 where we recommended a Speed of Response (SR) and Product Market response (PMR) also a mediator made the framework stronger with complimentary mediation effect and gains support for integrated strategy perspective.

Finally in the first order analysis, The Technology Adaptive Capability (TAC) makes use of organizational slack and continues to be a competitive mediator. In both cases of first order Hypothesis (H1c1-H2c2) there might be some more omitted variable in the framework between adaptive Capability and firm performance.

The insignificance of indirect effect of Non Market Strategy (NMS) on firm performance (H2a) reveals that Organizational Slack is meaningless in the absence of Product Market Strategy as it’s is not mediating with Non Market Strategy. This result gain support for integrated marketing perspective. The significance of (H1a) suggest that integrated strategy benefits firms by enhancing performance without product market strategy the slack can be a mediator but does not enhances firm performance.
Interpretation of first order Minor Hypothesis:

From the results of our minor hypothesis, we infer that Financial Slack, Speed of Response (SR) and Product Market Response (PMR), Non Market Strategy are fully mediating with all adaptive Capabilities with firm performance. In the absence of Product Market Response (PMR), Financial Slack is not required for Organizational Adaptive Capability. This suggests that in order to execute product market strategy from the angle of Schumpeterian rent perspective firms require Financial Slack, otherwise for Ricardian Rent perspective it does not require.

From the results of both minor hypotheses, we infer that Non Market Strategy (NMS) does not require Customer Relationship Slack (CRS) Speed of Response (SR) and Product Market Response (PMR). However, this result is only applicable without the absence of other capabilities.

Non Market Strategy (NMS) and Organizational Adaptive Capability (OAC) don’t consume Human resources Slack (HRS) and Operational Slack (OS) irrespective of presence of Product Market Strategy (PMR) but the absence it consumes. Technology Adaptive Capability consumes Operational and Human Resources Slack (HRS). Surprisingly Market Adaptive Capability (MAC) doesn’t consume HRS slack but in the presence of Product Market Response it consumes.

Other significant Observations:

The significance of Covariance between Adaptive Capability constructs validates the previous studies (Akgun, 2012) which suggest that dynamic Interaction between first Order Adaptive Capabilities forms entire idea of Adaptive Capability.
This claim is validated by hypothesis (H1) as a second order of multidimensional construct adaptive Capabilities are positively related to firm performance.

The result unveils Indian Companies enormously make use of slack resources for Marketing activities to enable firm performance. Some may outperform by adopting Product Market Response strategy. Some companies exhibited survival in the turbulent environment by making use Slack resources to perform better without investing on new product development and product modification. This explains the phenomenon of how few Indian companies out performed and how others survived remarkably.

Finally the external factor such as Product Market Complexity could put a pressure on firms to respond quickly and develop and modify products to meet the competitive rivalry and customer expectations rather than direct influence on firm performance.