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TMT NETWORKS AND ORGANIZATIONAL INNOVATIVENESS: CONTRASTING THE BENEFITS OF ORGANIZATIONAL SLACK WITH THE LIABILITIES OF SMALLNESS (INTERACTIVE PAPER)

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≈ INTERACTIVE PAPER ≈

**TMT NETWORKS AND ORGANIZATIONAL INNOVATIVENESS:
CONTRASTING THE BENEFITS OF ORGANIZATIONAL
SLACK WITH THE LIABILITIES OF SMALLNESS***Kevin D. Clark, Villanova University, USA**Scott L. Newbert, Villanova University, USA***Principal Topic**

Because the resources necessary for innovation often exist beyond the boundaries of the organization, top management team (TMT) members often access them from their personal networks. Because small organizations tend to lack a history of high growth, they are often perceived as less legitimate than large organizations and thus their access to critical resources is often constrained, suggesting that small organizations would have a greater need to develop and use network resources. However, creating/maintaining/leveraging networks is more difficult for small organizations; thus, managers from large firms may have greater access to needed resources because the size of their firms reflects greater commitment to the network relationship and likelihood of reciprocity. Thus, we hypothesize that the positive relationship between a variety of network dimensions (tie strength, redundancy, external locus of orientation, size, utilization) and innovativeness will be strongest for large organizations.

Method

We test our hypotheses using data collected via structured interviews with TMT members of 70 high technology firms. We regress innovation (number of new innovations developed by an organization during the last year) on firm size (number of employees), the above network dimensions, and interaction terms, as well as a variety of control variables.

Results and Implications

Our results support the majority of our hypotheses and may contribute to both theory and practice. From an academic perspective, because much of the research on networks of small organizations has focused on the characteristics that make for an effective network, little research until now has focused on the differential benefits that large versus small organizations gain from their networks. Thus, we hope our research may contribute to the collective understanding of networks by highlighting the contingent effects TMT networks have on innovativeness given the size of the organization. From a practitioner perspective, our findings suggest a serious challenge faced by executives for small organizations. Thus, we believe that one solution to this problem might be for small firms to mimic their larger counterparts and develop specific human resource strategies that will allow for the establishment of more efficient, better quality networks and that these networks increase firm performance.

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