Efficacy of R&D Work in Offshore Captive Centers: An Empirical Study of Task Characteristics, Coordination Mechanisms and Performance

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Abstract:
The offshoring of R&D and new product development (NPD) by multinational corporations (MNCs) to “captive centers” or wholly owned and operated subsidiaries in emerging economies such as India and China is a relatively new phenomenon, although it is growing significantly. The offshoring of R&D has garnered significant research interest since it has the potential to deepen our understanding of a variety of domains such as technological development of emerging economies, R&D strategies of multinational firms, firm boundary decisions, and most salient to the present study, to theories of coordination, especially of knowledge intensive work. We analyze survey data from 132 R&D captive centers established by foreign multi-national companies in India to understand how firms manage the execution of distributed innovative work. Specifically, we examine the performance outcomes of projects employing different technology-enabled coordination strategies to manage their interdependencies across multiple locations. We find that modularization of work across locations is largely ineffective when the underlying tasks are less routinized, less analyzable, and less familiar to the captive center. Coordinating based on information sharing across locations is effective when the captive center performs tasks that are less familiar to it. Results from our study emphasize the nature of organizations as systems of coordinated activity and show how the alignment between task attributes and choice of coordination mechanisms impacts performance. A key contribution of our work is the explication of the task contingencies under which coordination based on modularization versus information sharing yield differential performance outcomes.

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All Interested are Welcome