INNOVATION FACTORS AMONG LOCAL COSMETICS AND PERSONAL CARE PRODUCT MANUFACTURERS

A Thesis
Presented to the Faculty of the
Graduate School of Business
De La Salle University-Dasmarinas
Dasmarinas, Cavite

In Partial Fulfillment
of the Requirements for the Degree of
Master of Business Administration

CECILLE B. SOLIS

February 2008

ABSTRACT

SOLIS, C.B., Innovation Factors Among Local Cosmetics And Personal Care Product Manufacturers. Master of Business Administration, De La Salle Univeristy-Dasmarinas, Cavite, February 2008.

This study was an attempt to explore the factors that drive innovation, a subject of increasing importance in a competitive business environment, yet seldom being given attention in local studies. The relationship with innovation of six (6) organizational factors and individual attributes were studied. The six independent variables are: leadership, organizational culture, resources, propensity to take risk, creativity and knowledge. The difference in the responses between respondent groups was also examined, as well as the innovation performance of local firms in terms of efficacy and efficiency.

It takes on a quantitative research survey design. The focus of the study was the cosmetics and personal care industry. A survey instrument was tested for reliability and distributed to R&D managers, supervisors and staff in firms within Metro Manila and nearby provinces.

The findings of this study showed that only two factors were significantly related to innovation at the level $p<.05$. These are: resources and propensity to take risk. By business model, the respondents from companies with their own brands and those from contract manufacturing firms had the same perceptions of the six independent variables under study; whereas, by job level, the respondents showed dissimilarity in two factors namely: creativity and knowledge ($p<.01$). On product

efficacy, less than 10% difference was observed between the results from firms with own brands and toll manufacturing companies (F=2.984, p=.071) in terms of improving existing products. There were no other significant differences observed on product efficacy and product development efficiency when the data were grouped by business model and by job level of respondents. Local companies should improve their efficiency in new product delivery in terms of cost and development time. They should also consider either developing, or adopting performance measurements to evaluate the performance of R&D units.

Keywords: Innovation, Innovation Factors, Innovation Performance, Efficacy Scale, Efficiency Scale, Research & Development, Cosmetics and Personal Care Industry