

# The Resources and Capabilities for Frugal Innovation: An Exploratory Study

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## **Abstract**

Companies increasingly acknowledge the importance of developing affordable and good-enough products and services, also called frugal innovations, for resource constrained consumers. However, many frugal innovation initiatives fail due to a lack of guidance on how to identify and deploy relevant resources for the development of these innovations. Our study explores the resources and capabilities needed for frugal innovation from a company perspective. We conduct semi-structured expert interviews with managers experienced in frugal innovation across a wide range of industries. Our grounded theory approach allows for a systematic analysis and synthesis of the rich information we gather into a meaningful and manageable framework. The framework we develop depicts relevant resources, dynamic and operational capabilities, environmental factors, and interactions between the different elements relevant to frugal innovation from a firm perspective.

**Keywords:** *Frugal Innovation; Emerging Markets; Resource-Based View*

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