



Manufacturing strategies and innovation performance in newly industrialised countries

Daniel I. Prajogo

Department of Management, Monash University, Australia

Tritos Laosirihongthong

Industrial Engineering Department, Thammasat University, Thailand

Amrik Sohal

Department of Management, Monash University, Australia, and

Sakun Boon-itt

Thammasat Business School, Thammasat University, Thailand

Abstract

Purpose – The purpose of this paper is to present a comparative study on the impact of manufacturing strategies and resources on innovation performance in two newly industrialised countries in the South East Asian region, Thailand and Vietnam.

Design/methodology/approach – A quantitative approach was employed. The survey data was drawn from 95 Thai and 44 Vietnamese middle or senior managers in manufacturing firms.

Findings – Three major findings were noted in this study. First, there were no significant differences between Thai and Vietnamese manufacturing firms with respect to manufacturing strategies, resources, and innovation performance. Second, differentiation strategy is shown to be the strongest predictors for both product and process innovation across both countries. Technology management, however, only shows a significant effect on both product and process innovation among Thai firms. The other three manufacturing strategies (leadership, people management, and R&D) did not show a significant relationship with any of product or process innovations. Finally, the results of the moderating regression analysis, using country as a dummy variable, confirm that the effect of technology on product innovation is significantly stronger among Thai firms than Vietnamese firms.

Research limitations/implications – Small sample sizes of both countries are the major limitation of the study. Future studies can advance this research by incorporating a larger sample size as well as focusing on more innovative industries, such as electronics, automotive and food industries.

Practical implications – The results provide insights on the status of several key managerial practices among manufacturing firms in Thailand and Vietnam. The study highlights the lack of R&D intensity in manufacturing firms as well as its non-significant impact on innovation performance.

Originality/value – This is the first empirical study to compare two newly industrialised countries in the South East Asian region in regards to manufacturing/operational practices, innovation performances, and differentiation strategy.

Keywords Innovation, Strategic manufacturing, Newly industrialized economies, Thailand, Vietnam

Paper type Research paper

