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The changing dynamics of Thai multinationals after the Asian economic crisis

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Abstract

This paper investigates the dynamic of Thai multinationals after the Asian economic crisis through the analysis of FDI statistics and two in-depth case studies. The paper concludes that there was a shift in the dynamic of Thai multinationals' international expansion. While the pre-crisis international expansion relied more on networking capabilities rather than industry-specific technological skills, the post-crisis adjustments of Thai multinationals displayed a different strategy that placed much more emphasis on strengthening their industry-specific technological capabilities. In particular, Thai multinationals have placed more emphasis and commitment to the development of industry-specific technological capabilities, as well as transforming their personalised, relationship-based networks to more transparent and formal ties. The paper bears implications on the emerging multinational literature. Unlike the incremental nature of their predecessors from East Asia, the rapid rise of Thai multinationals before 1997 bypassed gradual technological process through the use of networking capabilities. However, the sustainability of networks-based competitive advantages will depend on its flexibility to change, as well as its complementary role toward industry-specific technological capabilities.

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1. Introduction

The role of developing countries as recipients of foreign direct investment (FDI) has a long history dating back to the nineteenth century when Latin America and Asia were important host countries to European investors (Jones, 1996). On the contrary, these countries' role as outward

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