

The effect of internal and external supply chain integration on product quality and innovation: evidence from Thai automotive industry

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Abstract: To succeed in today's competitive global marketplace, companies are looking for successful supply chain management through a supply chain integration strategy. The purpose of this study is to expand the concept of supply chain integration into different sub-constructs – (1) Internal Integration (II), (2) Supply Integration (SI) and (3) Customer Integration (CI) – and to investigate the role of specific supply chain integration in predicting Product Quality (PQ) and Product Innovation (PI). Based on a survey using data on 151 qualified automotive suppliers and automakers in Thailand, results indicate that SI has a stronger impact upon PQ than II and CI. It was also found that the influence of CI on PI was greater than the other independent variables. Building on the previous literature mostly conducted in Western countries, the findings provide additional support for the value of supply chain integration in the development of PQ and PI. Our results also offer confirmation from a different context as an empirical study of supply chain integration in the Thai automotive industry.

Keywords: supply chain integration; product quality; product innovation; automotive industry.

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