

The Effects of Innovation on Firm Performance of Supporting Industries in Hanoi – Vietnam

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Abstract:

Purpose: Innovation, including product, process, marketing, and organizational innovation within a firm, is considered as one of essential component for surviving and growing. These innovation activities create value and competitive advantages for successful organizations; therefore, understanding the organization's overall innovation is the first and foremost to understand the role of innovation on firm performance. The objective of this research is to explore two parts: the impacts of innovation on the different aspect of innovation performance, then their effects to firm performance (production, market, and financial performance).

Design/methodology/approach: This study uses primary data from questionnaire survey. The questionnaire involves 4 parts including general information, innovation activities; innovative performance, and firm performance. This research focuses on firms in supporting industries of mechanics, electronics, motorbike and automobile. These firms are in a list of companies (known as The Excellent Vietnamese Companies in Northern and Central Vietnam) established by JETRO and VCCI. There are 150 firms in this list. The questionnaire survey was administered to directors, CEO of those firms during April and May, 2014. Out of the 150 questionnaires sent out, 118 were valid, accounting for 78.7% of the true response rate. Analysis methodologies of reliability, factor analysis and regression are utilized in this paper.