

INFORMATION ON THE DOCTORAL DISSERTATION

Title: *The Impact of Innovation on Business Performance of Small and Medium Enterprises (SMEs) in Vietnam*

Major: Business Administration Code: 9340101

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1. SUMMARY OF THE DISSERTATION

In the context of deep globalization and increasingly intense competition, innovation has become a core foundation determining firms' competitiveness and sustainable development. The dissertation focuses on small and medium-sized enterprises (SMEs)—the backbone of Vietnam's business structure—whose contributions to economic growth, employment, and regional development are substantial. However, most SMEs still face systemic constraints in finance, technology, and managerial capacity, which hinder innovation and reduce performance effectiveness.

Grounded in the theories of innovation, resource-based view, competitive advantage, and stakeholder theory, this dissertation aims to clarify the mechanism through which innovation influences business performance, emphasizing the mediating role of competitive advantage and the moderating role of customer orientation.

A mixed-methods approach was adopted. The qualitative phase involved in-depth interviews with experts and SME managers to refine measurement scales, ensuring linguistic and contextual appropriateness for the Vietnamese business environment. Subsequently, the quantitative phase was conducted with data collected from 768 SMEs in the Southeast and Mekong Delta regions. The data were analyzed using Covariance-Based Structural Equation Modeling (CB-SEM) via AMOS software, combined with the Bootstrap technique to test the reliability and robustness of the model.

The empirical findings confirmed most of the proposed hypotheses. Leadership capability emerged as a critical driver fostering all forms of innovation, while absorptive capacity strongly influenced process and distribution channel innovation. Government support positively affected product and channel innovation. Competitive advantage served as a key mediating mechanism translating innovation outcomes into superior business performance. Among the three innovation types, process innovation exerted the strongest indirect effect through competitive advantage, whereas distribution channel innovation had the greatest direct impact on performance.

Notably, customer orientation played a positive moderating role in the relationship between innovation and performance—particularly strengthening the effect of distribution channel innovation more than that of product innovation. This indicates that when SMEs maintain a strong customer-oriented focus, innovation initiatives—especially those related to distribution channels—are more effectively transformed into market value and sustainable performance outcomes.

Theoretically, the dissertation extends existing frameworks linking resources, innovation, competitive advantage, and business performance within the context of SMEs in emerging economies, adding valuable empirical evidence from Southeast Asia. Practically, the findings provide managerial and policy implications for fostering innovation leadership, enhancing absorptive capacity, leveraging government support, and sustaining customer orientation as core capabilities to convert innovation efforts into long-term competitive and performance advantages.

2. NEW FINDINGS AND CONTRIBUTIONS OF THE DISSERTATION

The dissertation fills significant theoretical and empirical gaps in the research on innovation, competitive advantage, and business performance of SMEs in Vietnam by developing and validating an integrated theoretical model tailored to the local institutional and cultural context. The findings offer new contributions across three dimensions—contextual, theoretical, and methodological—as detailed below:

(1) Contribution to the research context

This is among the first studies in Vietnam to construct and empirically test an innovation model for SMEs grounded in multiple theoretical lenses (resource-based

theory, dynamic capabilities, innovation theory, and stakeholder theory) and adapted to the Vietnamese institutional–cultural environment. Empirical results from 768 SMEs in Southern Vietnam reveal that:

- Innovation in Vietnamese SMEs primarily focuses on process and distribution channel innovation rather than product innovation, as seen in developed economies.
- Leadership resources and government support are pivotal in initiating and sustaining innovation, though their effects differ across innovation types.
- SMEs' absorptive capacity reflects a “pragmatic” nature emphasizing application rather than research thereby illustrating characteristics of innovation systems in developing economies.

These findings enrich academic understanding of innovation in transitional and institutionally evolving environments and provide new empirical evidence supporting national innovation system theory.

(2) Contribution to the integrated theoretical model

Addressing the fragmentation among existing theories, the dissertation develops an integrated model linking four key pillars:

- Endogenous resources: leadership capability, absorptive capacity
 - Multidimensional innovation: product, process, and distribution channel innovation
- Mediating mechanism: competitive advantage
- External moderating factor: customer orientation

This model provides a more comprehensive explanation of the causal pathways between innovation and business performance while simultaneously examining both mediating and moderating effects—an analytical perspective rarely explored in prior studies.

(3) Contribution to the analysis of innovation typologies

Unlike many prior studies that treat innovation as a single-dimensional construct, this dissertation distinguishes and empirically tests the distinct impacts of three innovation types:

- Product innovation strongly enhances business performance by expanding market

share and increasing revenue.

- Process innovation improves productivity and cost efficiency, exerting primarily indirect effects.

- Distribution channel innovation demonstrates the strongest overall impact, especially under digital transformation and shifting consumer behaviors.

These findings advance the theoretical understanding of differentiated innovation mechanisms and the internal structure of innovation in SMEs within emerging markets.

(4) Contribution to the moderating role of customer orientation

The dissertation is among the first to empirically test customer orientation as a moderating factor in the innovation–performance relationship. The findings reveal that:

- Customer orientation strengthens the positive effects of product and distribution channel innovation on performance.

- However, it has limited influence on process innovation—highlighting its selective moderating nature under resource constraints.

This result extends market orientation and stakeholder theories by unveiling the interaction mechanisms between internally- and externally-oriented innovation, thereby proposing a dynamic, customer-centric approach to SME innovation strategy.

(5) Overall value of the dissertation

In summary, the dissertation:

- Bridges theoretical gaps on innovation in SMEs operating within developing economies

- Develops an integrated framework connecting internal resources, mediators, moderators, and performance outcomes

- Introduces a multidimensional innovation typology and identifies the selective moderating effect of customer orientation

- Provides the first empirical evidence from Vietnam on how distinct innovation types influence performance through competitive advantage and customer orientation.

Collectively, these contributions advance theoretical and practical understanding of innovation management and business performance, establishing a foundation for future

research in strategic management, leadership, and SME development in emerging economies.

3. PRACTICAL APPLICATIONS AND FUTURE RESEARCH DIRECTIONS

The findings of this dissertation not only enrich the theoretical foundation concerning the relationship between innovation, competitive advantage, and business performance in SMEs but also yield significant implications for managerial practice and policy formulation.

Practical implications:

The results demonstrate that SMEs can leverage innovation as a strategic tool to enhance performance and strengthen competitiveness even under resource constraints.

For micro and small enterprises, distribution channel innovation offers the most feasible pathway enabling market expansion, cost optimization, and performance improvement through digital platforms, e-commerce, and flexible distribution networks.

For medium-sized enterprises, product innovation is crucial for increasing customer value, creating competitive differentiation, and achieving sustainable performance.

The findings also provide empirical foundations for policymakers to design innovation support programs tailored to enterprise scale. Support mechanisms should be tiered and adaptive rather than uniform across all SME segments. Specifically, the government should promote the establishment of regional innovation intermediary centers that connect SMEs with universities, research institutes, and technology advisory organizations. Additionally, innovation credit funds with simplified approval processes and criteria aligned with SME characteristics should be developed to stimulate long-term innovation investment.

Another key contribution lies in shifting the perception of innovation among SMEs. The dissertation demonstrates that innovation does not necessarily require large investments or advanced technologies, it can begin with small, incremental improvements aligned with the firm's existing capabilities. This insight empowers managers to initiate and sustain innovation flexibly and market-responsively, while also helping policymakers better understand SMEs' practical needs.

Future research directions:

(1) The current study focuses on SMEs in Southern Vietnam; future research should

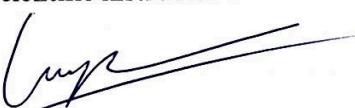
(2) Further investigation of other innovation forms such as organizational, business model, and cultural innovation is recommended, given their increasing importance in the digital transformation era.

(3) Future studies could adopt panel or longitudinal data to assess the dynamic effects of innovation over time.

(4) Expanding the research scope to include startups and high-tech firms could provide a more comprehensive picture of innovation behavior in Vietnam's digital economy.

Overall, the dissertation's findings provide both theoretical depth and practical relevance, offering actionable insights for SME managers and policymakers while laying a solid foundation for continued research on innovation management, leadership, and sustainable enterprise development amid Vietnam's transition toward a knowledge-based and innovation-driven economy.

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