Innovation in Australian Manufacturing SMEs: Exploring the Interaction between External and Internal Innovation Factors

By
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This thesis is submitted to the University of Technology Sydney On 28 April 2016 For the degree of Doctor of Philosophy
Certificate of original authorship

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the thesis.

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Megha Sachdeva
Sydney
In the loving memory of my Bauji (Grand Pa), Sh. Satya Paul Sachdeva.

~ I miss you and I wish you were with me to feel proud of my achievement ~
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Abstract
This thesis examines the relationship between internal and external drivers of innovation in
Australian manufacturing small and medium enterprises (SMEs). A mixed methods approach
was employed to study this relationship, combining survey data and case studies to
investigate the effect of technological change on innovative activities, an effect potentially
mediated by SMEs’ particular characteristics. Results indicate that the absorptive capacity
model of innovation is applicable to Australian manufacturing SMEs but there is also
evidence that non-knowledge management characteristics of SMEs affect the impact that
internal factors and technological changes can have on innovation. When employees have the
freedom to trial new approaches to their work in a family-like culture, risk-taking behaviour
is nurtured, leading to innovation. SMEs that exploit opportunities across different sectors
and/or co-create with their customers are also more innovative. There may however be a limit
to a firm’s ability to consume new technology with a responsive approach in meeting
customer needs. The findings are of value especially to policy makers, academics,
management practitioners, as it brings forward the antecedents of innovation in the Australian
manufacturing context.