

Intangible Assets, Global Value Chains and Innovation: Evidence from Vietnamese SMEs

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Abstract

This paper studies the role of investments of firms in intangible assets on the relationship between participation in global value chains (GVCs) and innovation in Vietnamese small and medium enterprises (SMEs). We show that both participation in GVCs and different forms of GVC positively affect the product upgrading of SMEs in Vietnam for firms that have invested in intangible assets. These findings qualify the learning-by-participating of the GVC model by showing that the gains from GVC participation are not automatic and instead require firms to invest in building absorptive capacities.