

RESEARCH NOTES AND COMMENTARIES

NEW PRODUCT DEPLOYMENT: THE MODERATING INFLUENCE OF ECONOMIC INSTITUTIONAL CONTEXT

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We compare the determinants of new product deployment across transition and nontransition economy environments to show the importance of variance in economic institutional context. We argue that the expected positive relationships of institutional development, resource levels, and competitive pressure to new product deployment all weaken in transition economy contexts. Hypotheses are tested with survey data of over 7,000 firms in 7 industries from 33 countries. Copyright © 2013 John Wiley & Sons, Ltd.

INTRODUCTION

New products are an important aspect of strategy for firms. New products provide a way for firms to adapt to evolving markets (Schoonhoven, Eisenhardt, and Lyman, 1990), and they influence firm performance and survival (Banbury and Mitchell, 1995; Chaney and Devinney, 1992). The strategic management field most notably considers strategies such as new products from three theoretical viewpoints—resources, industry, and institutions (Peng *et al.*, 2009). Following these views, prior literature indicates that firms deploy new products due to heterogeneity in firms' resources and capabilities (e.g., Henderson and Cockburn, 1994;

Leonard-Barton, 1992), heterogeneity in the level of competition in the industry (e.g., Geroski, 1990; Porter, 1990), and/or heterogeneity in the level of institutional development of the focal country (e.g., North, 1990; Zhou, Tse, and Li, 2006). While these three streams of research (i.e., the effects of resources, competition, and institutions on new products) have advanced our understanding, they have largely ignored the potential role of heterogeneity in the historical *path* of institutional development that we call *institutional context* (as an exception, see: Kogut and Zander, 2000).

To address this gap, we provide an investigation of how the influence of these three fundamental determinants of new product deployment varies based on difference in the institutional context. We use the term *new product deployment* to distinguish from terms that connote innovation because our analysis includes products that are new to the firm but not necessarily new to the world, thereby acknowledging the importance of

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