Dynamic capabilities for entrepreneurship and innovation in marketing-driven organisations

---

Paper submitted to: *The Seventh International Congress: Marketing Trends,* Venice, 25 -26 January 2008

Tony McGuinness

School of Management and Business
Aberystwyth University
United Kingdom

Direct correspondence to:

Tony McGuinness
School of Management and Business
Aberystwyth University
Cledwyn Building
Aberystwyth SY23 3DD
UK

Telephone: 0044 1970 622529
Facsimile: 0044 1970 622740
E-mail:tmg@aber.ac.uk

Title: Dynamic capabilities for entrepreneurship and innovation and in marketing-driven organisations

Summary:

This paper uses recent developments in the dynamic resource-based view of the firm to construct a capabilities framework that proposes how an organisation can pursue specific market outcomes. The framework supports a critical evaluation of extant research in the separate fields of entrepreneurship and innovation in marketing-driven organisations, illuminating common weaknesses whose nature suggests that there should be a significant shift in methodology if future research in these separate fields is to converge. The proposed shift is from a macro, firm-focused view of ‘what firms are’, to a micro-level processes view of ‘what firms do’, and calls for a more qualitative, ethnographic approach in place of statistical analyses of quantitative survey data.

Key words:

Dynamic capabilities; micro-level processes; research methodology

Introduction and motivation of the paper

There are several different current research programmes that address issues related to entrepreneurship and innovation in marketing-driven organisations. Examples include work on the effect of market orientation on product innovation and organisational performance (Baker and Sinkula, 1999a, 1999b, 2002; Han et al, 1998; Hurley and Hult, 1998; Menguc and Auh, 2006); research on entrepreneurial orientation and corporate entrepreneurship (Covin and Slevin, 1991; Lumpkin and Dess, 1996; Covin and Miles, 1999); on ‘entrepreneurial management’ (Michael et al, 2002) that combines an entrepreneurial perspective on identifying and exploiting new opportunities with a strategic management perspective on the role of capabilities in pursuing and sustaining competitive advantage (Hitt et al, 2001, 2002; Morris and Kuratko, 2002; Zahra et al, 2006); and on ‘entrepreneurial marketing’ (Miles and Darroch, 2006; Morris et al, 2002). Until recently the above different research programmes developed independently of each other. Recently, however, all of them acknowledge their conceptual links with the dynamic resource-based view of the firm and consequently appear to have begun to converge.

The first contribution of this paper is to use recent developments in the resource-based view of the firm to construct a conceptual framework that proposes how an organisation can pursue specific market outcomes. These developments have substantially clarified the theoretical meaning of organisational capabilities (Helfat and Peteraf, 2003; Salvato, 2003; Winter, 2003; Zahra et al, 2006) and have found persuasive evidence (Newbert, 2007) that it is capabilities and their underlying micro-processes ('what firms do'), not resources ('what firms are'), that determine an organisation's responsiveness, competitive advantage, adaptive change and performance.

The proposed framework supports a critical analysis and evaluation of apparent convergence of work the separate fields of entrepreneurship and innovation in marketing-driven organisations. It helps to illuminate weaknesses in those fields that are common and whose nature suggests that there should be a significant shift in methodology if convergence in their future research is to progress. In the particular field of marketing, for example, the critique highlights the acknowledged (Vorhies and Morgan, 2005) paucity of knowledge about the nature and development of marketing capabilities. Consequently, the second contribution of the paper is to argue in favour of future research that is more micro-process oriented than currently is typical. This advocacy echoes recent arguments in the strategic management literature for increased adoption of activity-based, micro-processual approaches (Johnson et al, 2003; Salvato, 2003), and leads to further questions that are seldom addressed in mainstream strategic marketing – such as who exerts what kinds of control over the strategic evolution of organisational capabilities.

The capabilities framework

The resource-based view (RBV) of organisations has been very influential in the field of management since the 1990s (Barney, 1991; Teece et al, 1997), and since somewhat later has had an increasing influence in the field of marketing (Day, 1994; Srivastava et al, 2001). In its early versions the approach focused on the direct link between the resources possessed by an organisation and its performance. Confusingly, the early RBV literature sometimes mentioned capabilities, but treated them synonymously with resources – as part of 'what firms are' rather than 'what firms do'. Later versions of the RBV began to focus explicitly on the processes used by firms to exploit their resources, and highlighted – in explanations of organisational performance - the mediating roles played both by an organisation's capabilities in combining its resources and by the organisational context (e.g. its structure, control systems and compensation policies) in which their exploitation occurred. A recent review of empirical RBV literature in management concludes that a firm's competitive position depends essentially on its organizing context and on its valuable, rare and inimitable capabilities and core competencies rather than on its static resources (Newbert, 2007). In marketing too, recent empirical work has emphasised that any performance effects of cultural and information-processing components of market orientation are mediated by how a firm acts in response to these components, thereby highlighting again that their competitive value does not reside exclusively in resources per se but flows from the exercise of a firm's capabilities when exploiting them (Hult et al, 2005; Ketchen et al, 2007).

The focus on capabilities spawned, however, a literature that a recent review of their role in entrepreneurship described as "riddled with inconsistencies, overlapping definitions and contradictions" (Zahra et al, 2006, p.921), much of which is related to ambiguous meanings of the adjective 'dynamic' when attached to the word 'capabilities'. Conceptual clarity has been improved significantly by a series of recent papers that distinguish between on the one hand 'substantive', 'operational' or 'ordinary' capabilities and on the other hand 'dynamic' capabilities (Helfat and Peteraf, 2003; Winter, 2003; Zahra et al, 2006). The two broad types share, in their definition, a process approach which views any capability (ordinary or dynamic) as a routine (or set of them) which: (1) uses resources in ways that are "learned, highly-patterned, repetitious, or quasi-repetitious, founded in part in tacit knowledge" (Winter, 2003, p.991); and (2) has specific objectives. The distinction between the two broad types is whether the specific objective of a capability is "producing and selling the same product, on the same scale and to the same customer population over time" (Winter, 2003, p.992) – in which case it is substantive, operational or ordinary – or the specific objective is to "change the product, the production process, the scale or the customers (markets) served" (Winter, 2003, p.992) – in which case the capability is dynamic.

In this recent literature, therefore, the word 'dynamic' describes a capability that – in a structured, persistent way (Zollo and Winter, 2002) and with specific objectives - changes one or more of the organisation's other (substantive or dynamic) capabilities. For example: "We view dynamic capabilities as the abilities to reconfigure a firm's resources and routines in a manner envisioned and deemed appropriate by the firm's principal decision-maker(s)." (Zahra et al, 2006, p.924). This definition adds to conceptual clarity by: (1) defining the extent of a capability as the extent to which its use secures its specific objectives (rather than defining it as the extent to which it improves some more tenuously-connected measure of overall organisational performance – a definition that is a tautology); (2) highlighting the question of who are the firm's 'principal decision-makers' in the context of it exercising a particular capability (Zahra et al, state "By principal decision-makers we mean all those empowered to conceive or implement changes to the core substantive capabilities of the firm….in larger firms this set includes not only 'top' managers but the set of middle managers key in strategy implementation and formation." (Zahra et al, 2006, Fn.4, p.952); (3) implying that the definition of a dynamic capability has nothing to do with the dynamism of its external environment (though the frequency with which a dynamic capability needs to be used may be greater in more turbulent environments).

Figure 1 is a framework that shows in simplified terms the proposed main relationships between the above concepts. The central relationship is between an organisation's operational capabilities and its market outcomes. What an organisation does from day to day in producing and selling a product(s) on a particular scale to a particular market(s) will determine its competitive market positioning, quantity sold and revenue earned. However, it is conceivable that the details of how any operational capability is exercised can be changed without compromising the essential nature of the capability itself ("An organizational capability…..confers upon an organization's management a set of decision *options* for producing significant outputs of a particular type." Winter, 2003, p.991, emphasis added) For example a particular restaurant may from day to day vary its menu of available dishes without in any way changing the set of routines used to serve a stable customer base. The details of what is done are dependent on the decisions made by whoever has strategic control of the operational capabilities, and so – in Figure 1 - strategic control is shown to moderate the relationship between operational capabilities and specific market outcomes. Furthermore the moderating relationship is shown with a switch: when it is off, no changes are made to the details of the operational capabilities (e.g. the menu stays the same from day to day); when it is on the strategic controller changes these details. Therefore:

> P1: Operational capabilities determine specific market outcomes.
> P2: The relationship between operational capabilities and specific market outcomes is moderated by strategic control of operational capabilities.

[INSERT FIGURE 1 SOMEWHERE NEAR HERE]

The next main relationship is between dynamic and operational capabilities. At any time, an organisation may or may not be deploying its dynamic capabilities to change its operational ones, so the relationship is shown to have an on/off switch. Whether the switch is on or off is decided by whoever has strategic control of the dynamic capabilities, and they are shown to control also the details of how any dynamic capability is deployed (e.g. by deciding what kind of new products are developed by a firm's product development capability). Strategic controllers are also shown to determine the details of how, if at all, any dynamic capability itself is changed (e.g. by deciding whether and, if so, how to change an organisation's product development capability). Therefore:

> P3: Dynamic capabilities may be used to change an organisation's operational capabilities.
> P4: The relationship between dynamic and operational capabilities is moderated by strategic control of dynamic capabilities.
> P5: The details of changes, if any, to dynamic capabilities are determined by strategic control of dynamic capabilities.

Finally the framework shows a role for organisational context, meaning the non-capability attributes of an organization such as its culture(s), structure and systems.

These are shown to support and influence both operational and dynamic capabilities, and shown to determine who has strategic control over each type. Therefore:

> P6: Organisational context influences operational capabilities.
> P7: Organisational context influences dynamic capabilities.
> P8: Organisational context influences who has strategic control over operational capabilities.
> P9: Organisational context influences who has strategic control over dynamic capabilities.

The following sections of the paper illustrate how the above capabilities framework can be used critically to identify common weaknesses in the extant theoretical and empirical work in the separate fields of marketing, entrepreneurship, innovation and organisational change. These weaknesses need to be addressed in order to progress the convergence of future work in these fields.

Marketing orientation (MO) and the capabilities framework

This section shows how the capabilities framework is aligned with recent theoretical and empirical work on how MO influences organisational performance.

Jaworski and Kohli (1996), after reviewing the four most commonly cited definitions of MO (Kohli and Jaworski, 1990; Narver and Slater, 1990; Deshpande, Farley and Webster, 1993; and Day, 1994), identify a main difference between them in the extent to which they take a behavioural/activities/process perspective rather than a cultural perspective. Later debate in the field of marketing suggests that MO is predominantly understood from a behavioural perspective. Deshpande and Farley (1998a, 1998b), for example, after reviewing and synthesising three operational measurement scales of MO (Narver and Slater, 1990; Kohli, Jaworski and Kumar, 1993; and Deshpande, Farley and Webster, 1993) note that, of the 44 items across the three scales, only two specifically address cultural values, neither of which appears in their synthesised scale (MORTN). They conclude, therefore, that the various empirical research programmes on MO clearly measure it in terms of behaviours/activities rather than cultural values/beliefs.

Recently Hult et al (2005) admonish (presumably the editors of) the Strategic Management Journal for proceeding, in a series of papers discussing MO, as if the cultural view of it were widely accepted in the marketing field and for ignoring the behavioural view. Their paper (and also a postscript to it: Ketchen et al, 2007) finds empirical support for and emphasizes that 'organizational responsiveness' is an 'action' construct that fully mediates the relationships between a cultural measure of MO and organisational financial performance. This, in itself, is consistent with the capabilities framework described in the previous section, but Hult et al (2005) take one further step that aligns the two frameworks even more closely: in addition to a cultural measure of MO the paper also specifies a behavioural measure devoid of the 'responsiveness' component of the construct originally conceptualised by Kohli and Jaworski (1990) (see also Jaworski and Kohli 1993) and measured by their MARKOR scale (Kohli et al, 1993).

Hult et al's transformed construct in effect captures market information processing (MIP) behaviours, and their empirical results support the view that its effect on performance also is fully mediated by organisational responsiveness. By taking this approach Hult et al (2005) acknowledge and address the previous lack of clarity in the 'responsiveness' component of Kohli and Jaworski's construct. Although Jaworski and Kohli (1996, p.122) clearly state that responsiveness refers to "the use of market information for making decisions *and taking actions*" (emphasis added) there is absent from the literature any consistent indication of whether the domain of 'responsiveness' extends beyond decision-making also to include actual implementation of the decisions.

Other recent work that has measured MO in behavioural terms also excludes the responsiveness component: for example, none of the items in the MORTN scale developed by Deshpande and Farley (1998a) refer to responsiveness at all, whether in relation to decision-making or decision implementation.

In relation to the capabilities framework, what these recent developments in the theory and empirics of MO suggest is that MIP behaviours and cultural views of MO both be viewed as part of 'organizational context'. With the exception of organisations whose purpose is the production and sale of market-based intelligence, nether cultural MO nor MIP behaviour constitute an organisational capability, whether ordinary or dynamic. The most one can say is that they potentially contribute to a higher-order capability (e.g. by influencing the details or design of an organisation's product development capability).

Entrepreneurship, entrepreneurial marketing and the capabilities framework

Recent entrepreneurship literature has extended the domain of entrepreneurship to encompass organisation-level behaviour and processes. Covin and Miles (1999) clarify the meaning of corporate entrepreneurship, reserving the term for cases where "an 'entrepreneurial' philosophy permeates an entire organization's outlook and operations" so that "entire firms, rather than exclusively individuals or other 'parts' of firms, act in ways that would be described as entrepreneurial."

Lumpkin and Dess (1996) make a distinction between 'entrepreneurship' ("defined here as new entry" 1996, p.136) and 'entrepreneurial orientation' (EO) ("the processes, practices, and decision-making activities that lead to new entry"), remarking that the distinction corresponds to the difference between content and process in the strategic management literature. Despite defining EO in process terms they propose that "there is a fundamental set of strategy-making process (SMP) dimensions that underlies nearly all entrepreneurial processes" (Lumpkin and Dess 1996, p.139). The dimensions (autonomy, innovativeness, calculated risk taking, proactiveness, and competitive aggressiveness) are shared organisational values and norms that colour behaviours observed in entrepreneurial processes, and as such would be regarded as contextual variables in the capabilities framework.

The above developments of the entrepreneurship construct are responsible for moving entrepreneurship theory into the territory of the large established organisation, thereby sparking a debate (Michael et al, 2002) about the relationship between entrepreneurship (focused on identifying and exploiting new opportunities) and strategic management (focused on the pursuit of competitive advantage. Subsequent attempts to progress the integration of both management (Hitt et al, 2001, 2002; Morris and Kuratko, 2002) and marketing (Miles and Darroch, 2006; Morris et al, 2002), respectively, with the previously separate field of entrepreneurship have drawn on their shared alignment with the resource-based view of the firm.

In marketing, for example, Morris et al (2002) define an Entrepreneurial Marketing (EM) construct as "the proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging and value creation" (2002, p.5). The EM construct collectively defines the interface between entrepreneurship and marketing, and has seven related dimensions: proactive orientation; opportunity-driven; customer-intensity; innovation-focused; risk management; resource leveraging; and value creation. In Morris et al's view (2002, p.9) "(a)lthough EM fits with a number of theoretical frameworks (e.g., resource-based theory, transaction cost theory, strategic adaptation theory) it is especially consistent with resource-advantage (R-A) theory."

In their stylised model, EM is discussed as a way in which an organisation approaches its marketing activities: "EM is fundamentally an opportunity-driven and opportunity-seeking way of thinking and acting…..(T)he imagination, vision, cleverness and originality associated with entrepreneurial behaviour lies at the core of this conceptualization of marketing, *and these attributes are applied to the full range of marketing activities*." (Morris et al, 2002, p.13, emphasis added) What EM captures, therefore, are the cultural and structural antecedents of behavioural processes - antecedents that are part of 'organisational context' in the capabilities framework. The weakness in this attempt to integrate entrepreneurship and marketing is that it is based on alignment with a resource-based view that out-dated: on a view that is focused on 'what firms are' rather than on 'what they do'.

Innovation and the capabilities framework

In recent marketing literature innovation has been used as a construct that can enrich the explanation of how MO leads to competitive advantage and superior business performance. Hurley and Hult (1998) find it surprising that innovation constructs are absent from models of MO, and propose that both market and learning orientations of firms, when defined in cultural terms, are antecedents or phases of a process that could be labelled ‘market-driven innovation.’ Following Zaltman et al (1973), Hurley and Hult (1998) conceptualise innovation as having two distinct constructs that differ from each other in nature:

- Innovativeness (defined in cultural terms, and at whose core is an openness to new ideas)
- Capacity to innovate (“the ability of the organisation to adopt or implement new ideas, processes, or products successfully”, 1998, p.44)

An organisation’s capacity to innovate is, in Hurley and Hult’s (1998) view, created by innovativeness of an organisation’s culture in combination with resources and other organisational characteristics. It is related to Cohen and Levinthal’s (1990) concept of ‘absorptive capacity’ and is described as an “organisational property…..Firms with greater capacity to innovate will be more successful in responding to their environments and developing new capabilities that lead to competitive advantage and superior performance.” (Hurley and Hult, 1998, p.45) Their empirical results suggest that an innovative culture has a positive and significant effect on a firm’s innovative capacity, and so is important in understanding organisational responsiveness. However, they recognise the need to examine the relationships involved in more depth, and suggest: “One way that this could be accomplished would be to extend current research by adopting a process perspective…..Taking a process approach and examining how firms innovate and develop new capabilities to compete….should enhance our understanding of how firms learn, change and perform.” (Hurley and Hult, 1998, p.52-3)

Menguc and Auh (2006) use Hurley and Hult’s (1998) measure of innovativeness (a cultural concept, recall), and find empirical support for the hypothesis that it moderates the effect of MO on firm performance, by increasing its positive effect. Relevant to the arguments of this paper is their explicit claim to be studying MO “from the RBV and dynamic-capabilities perspective” (Menguc and Auh, 2006, p.64). Moreover although “we argue that market orientation, in isolation, is unlikely to qualify as a dynamic capability….In our model we define a dynamic capability as the integration of two focal constructs (or firm-level resources) market orientation and innovativeness."

Since their measure of MO is taken from Narver and Slater (1990), Menguc and Auh are in effect proposing that a dynamic capability can be defined in terms of two cultural constructs – a proposition that again is at odds with recent developments in the dynamic resource-based view of the firm. The weakness in such attempts to integrate MO and innovation is again that, despite claiming to base the integration in the resource-based view, they adopt a 'what firms are' approach rather than 'what firms do': they focus on the organisational context of behavioural processes rather than directly on the processes themselves.

Discussion

Recent developments in the dynamic RBV of organisations are relevant to marketing if only because, as indicated in the above review of selected publications, so much recent research in marketing has been linked explicitly to the dynamic RBV approach. Its recent developments, however, suggest that the methodology and presumptions that are typical of these publications are ill-conceived. This section of the paper identifies why this is so, and suggests what kinds of methodology are more appropriate in marketing if it is to be progressively integrated with the dynamically-focused field of entrepreneurship and innovation..

The key point is that recent developments in the dynamic RBV focus on 'what firms do' (their substantive and dynamic capabilities) rather than on 'what firms are', despite also recognising that organisational context (descriptors of 'what firms are') influences what can be done. Moreover, the developments view any capability as a routine (or set of them) which uses resources in ways that are "learned, highly-patterned, repetitious, or quasi-repetitious, founded in part in tacit knowledge" (Winter, 2003, p.991) and has specific objectives.

A direct implication of this is that research should be explicitly process-oriented, with a capability as the unit of analysis, and with one or more specific outcomes tied explicitly and directly to the capability process. Furthermore, since there is scope for strategic choice about the precise details of the process and about the details of the specific outcomes, research should also address the question of who, within the organisation, has strategic control over the focal capability.

In contrast, the selective work reviewed earlier in this paper employs a typical methodology that is attribute-oriented, with a firm (or a business unit) as the unit of analysis, and whose aim is to connect general attributes of the firm (or business unit) with general indicators of financial or non-financial performance. This methodology is too macro-oriented, too little process-oriented, and makes inappropriate presumptions about the extent to which different operational parts of a firm share the same attributes (e.g. in terms of culture, control systems, or goals). This paper has tried to show that recent attempts to integrate previously separate fields of marketing, entrepreneurship and innovation have proceeded without any essential challenges to this methodology: for example, Morris et al (2002) propose an EM construct that captures the antecedents of behavioural processes and describes the traits that are typify entrepreneurial processes, but do not focus directly on such processes.

This is not the first reflective paper to identify such limitations of this methodology: in fact the frustrating thing is so frequently to read about them and yet to go on observing repeated reports of their application in leading marketing publications. Srivastava et al (1999) proposed a conceptual framework focused explicitly on the role of marketing activities in business processes and sub-processes. Hurley and Hult (1998) suggest that a process approach can advance research in the area of innovation, learning and market orientation. And yet there is little evidence in the field of marketing that a concerted effort has been made to advocate or change the methodology.

The absence of any significant attempt to do so can not be explained by the fact that a great deal already is known about marketing capabilities and how they integrate with other organisational capabilities. In a recent paper Vorhies and Morgan (2005), on the basis of interviewing senior marketing managers, identify eight distinct marketing capabilities, then acknowledge as a limitation of their approach "our capability measures are relatively broad and use standard activity performance-level indicants.

Inevitably this results in a relative lack of depth of understanding of any single marketing capability. Future researchers should focus on more fine-grained measures of individual marketing capabilities (e.g. Dutta et al, 2003) and examine the potential of more novel process measurement approaches such as process mapping." (Vorhies and Morgan, 2005, p.91)

Nor can the neglect be based on lack of good example, few though they are in marketing. Salvato (2003) for example provides a clear example of the use of case study method to identify the micro-processes that guide strategic evolution in two medium-sized Italian organisations, and contrasts such processes with 'core competences' that reside at a much higher level in an organisation.

This paper advocates a similar micro-process oriented approach, echoing similar calls (Johnson et al, 2003) for an 'activity-based' view of strategy in the broader field of management. Such an approach lends itself to taking a more socially-constructed view of what a firm does, highlighting the potential role of people – whether managers or not – who actually control the exercise of capabilities rather than presuming the primacy of managers. A micro-process approach highlights the role of human agency in the exercise of capabilities, and can directly address the day-to-day activities in which managers are engaged – thereby more transparently connecting with their practical concerns rather seeming more academically abstract. However, the micro-process approach, so far as it has been applied in management, currently exhibits limitations of its own (Johnson et al, 2003), such as poor linkage to explicit strategy outcomes, and a tendency to remain stuck in its own rich data rather than using the data inductively to build more general theories.

Conclusion

The paper presented a capabilities framework that illuminates common weaknesses in the separate fields of research in entrepreneurship and innovation in marketing-led organisations. It argues that there should be a significant shift in methodology if future research in these separate fields is to converge. The proposed shift is from a macro, firm-focused view of 'what firms are', to a micro-level processes view of ‘what firms do’, and calls for a more qualitative, ethnographic approach in place of statistical analyses of quantitative survey data.

References

Baker, William E. and James M. Sinkula, (1999a) The Synergistic Effect of Market Orientation and Learning Orientation on Organizational Performance, *Journal of the Academy of Marketing Science*, 27, 4, 411-427.

Baker, William E. and James M. Sinkula, (1999b) Learning Orientation, Market Orientation, and Innovation: Integrating and Extending Models of Organizational Performance, *Journal of Market Focused Management*, 4, 295-308.

Baker, William E. and James M. Sinkula (2002) Market Orientation, Learning Orientation and Product Innovation: Delving into the Organization’s Black Box, *Journal of Market Focused Management*, 5, 5-23.

Barney, J. (1991) Firm Resources and Sustained Competitive Advantage, *Journal of Management*, 17, 1, 99-120.

Cohen, Wesley M. and Daniel A. Levinthal (1990) Absorptive Capacity: A New Perspective on Learning and Innovation, Administrative Science Quarterly, 35, March, 128-152

Covin, Jeffrey G. and Dennis P. Slevin (1991) A Conceptual Model of Entrepreneurship as Firm Behavior, *Entrepreneurship Theory and Practice*, Fall, 7-25.

Covin, Jeffrey G. and Morgan P. Miles (1999) Corporate Entrepreneurship and the Pursuit of Competitive Advantage, *Entrepreneurship Theory and Practice*, Spring, 47-63.

Day, George, S. (1994) The Capabilities of Market-Driven Organizations, *Journal of Marketing*, 58, October, 37-52.

Deshpande, Rohit and John U. Farley (1998a) Measuring Market Orientation: Generalization and Synthesis, *Journal of Market Focused Management*, 2, 213-232.
Deshpande, Rohit and John U. Farley (1998b) The Market Orientation Construct: Correlations, Culture and Comprehensiveness, *Journal of Market Focused Management*, 2, 237-239.

Deshpande, Rohit, John U. Farley and Frederick Webster, Jr. (1993) Corporate Culture, Customer Orientation, and Innovativeness in Japanese Firms: a Quadrad Analysis, *Journal of Marketing*, 57, January, 23-73.

DuttaShantanu, Om Narasimhan and Surendra Rajiv (1999), Success in High-Technology Markets: Is Marketing Capability Critical? *Marketing Science*, 18, 4, 547-568.

Han, Jin K., Namwoon Kim, and Rajendra K. Srivastava (1998) Market Orientation and Organizational Performance: Is Innovation a Missing Link? *Journal of Marketing*, 62, October, 30-45

Helfat, Constance E. and Margaret A. Peteraf (2003) The Dynamis Resource-based View: Capability Lifecycles, *Strategic Management Journal*, 24, 997-1010

Hitt, M., R. Duane Ireland, S. Michael Camp and Donald L. Sexton (2001), Guest Editors' Introduction to The Special Issue, Strategic Entrepreneurship: Entrepreneurial Strategies for Wealth Creation, *Strategic Management Journal*, 22, 479-491.

Hitt, Michael A., R. Duane Ireland, S. Michael Camp and Donald L. Sexton (2002), *Strategic Entrepreneurship: Creating a New Mindset*, Oxford: Blackwell Publishers.

Hult, G. Tomas, David J. Ketchen and Stanley F. Slater (2005) Market Orientation and Performance: An Integration of Disparate Approaches, *Strategic Management Journal*, 26, 1173-1181.

Hurley, Robert F. and G. Tomas M. Hult (1998) Innovation, Market Orientation, and Organizational Learning: an Integration and Empirical Examination, *Journal of Marketing*, 62, July, 42-54.

Jaworski, B. and A. Kohli (1996) Market Orientation: Review, Refinement, and Road Map, *Journal of Market Focused Management*, 1, 119-135.

Johnson, Gerry, Leif Melin and Richard Whittington (2003) Guest Editors' Introduction to the Special Issue on Micro Strategy and Strategizing: Towards an Activity-Based View, *Journal of Management Studies*, 40, 1, 3-22.

Ketchen, David J., G. Tomas Hult and Stanley F. Slater (2007), Towards Greater Understanding of Market Orientation and the Resource-based View, *Strategic Management Journal*, 29, 9, 961-964

Kohli, A. and B. Jaworski (1990) Market Orientation: The Construct, Research Propositions, and Managerial Implications, *Journal of Marketing*, 54, April, 1-18.

Kohli, A., B. Jaworski and A. Kumar (1993) MARKOR: A Measure of Market Orientation, *Journal of Marketing Research*, 30, November, 467-477

Lumpkin, G. T. and Gregory G. Dess (1996) Clarifying the Entrepreneurial Orientation Construct and Linking It to Performance, *Academy of Management Review*, 21, 1, 135-172.

Menguc, Bulent and Seigyong Auh (2006) Creating a Firm-Level Dynamic Capability through Capitalizing on Market Orientation and Innovativeness, *Academy of Marketing Science*, 34, 1, Winter, 63-73.

Michael, Steven, David Storey and Howard Thomas (2002) Discovery and Coordination in Strategic Management and Entrepreneurship, in Hitt et al (2002)

Miles, Morgan P. and Jenny Darroch (2006) Large Firms, Entrepreneurial Marketing Processes, and the Cycle of Competitive Advantage, *European Journal of Marketing*, 40, 5/6, 485-501

Morris, Michael H., Minet Schindehutte and Raymond W. LaForge (2002), Entrepreneurial Marketing: a Construct for Integrating Emerging Entrepreneurship and Marketing Perspectives, *Journal Of Marketing Theory and Practice*, 10, 4, Fall, 1-19.

Morris, Michael H. and Donald F. Kuratko (2002), *Corporate Entrepreneurship*, Florida: Harcourt Inc.

Narver, John C, and Stanley F. Slater (1990) The Effect of Market Orientation on Business Profitability, *Journal of Marketing*, 54, October, 20-35

Newbert, Scott L. (2007) Empirical Research on the Resource-based View of the Firm: An Assessment and Suggestions for Future Research, *Strategic Management Journal*, 28, 121-146

Salvato, Carlo (2003) The Role of Micro-strategies in the Engineering of Firm Evolution, *Journal of Management Studies*, 40, 1, 83-108

Srivastava, Rajendra K, Tasadduq A. Shervani and Liam Fahey (1999) Marketing, Business Processes, and Shareholder Value: An Organizationally Embedded View of Marketing Activities and the Discipline of Marketing, *Journal of Marketing*, 63, Special Issue, 168-179

Srivastava, Rajendra K., Liam Fahey and H. Kurt Christensen (2001) The Resource-based View and Marketing: The Role of Market-based Assets in Gaining Competitive Advantage, *Journal of Management*, 27, 777-802.

Teece, David J., Gary Pisano and Amy Shuen (1997) Dynamic Capabilities and Strategic Management, *Strategic Management Journal*, 18, 509-533.

Vorhies, Douglas W. and Neil A. Morgan (2005) Benchmarking Marketing Capabilities for Sustainable Competitive Advantage, *Journal of Marketing*, 69, January, 80-94.

Winter, Sidney (2003) Understanding Dynamic Capabilities, *Strategic Management Journal*, 24, 991-995.

Zahra, Shaker A., Harry J. Sapienza and Per Davidsson (2006) Entrepreneurship and Dynamic Capabilities: a Review, Model and Research Agenda, *Journal of Management Studies*, 43, 4, June, 917-955.

Zaltman, Gerald, Robert Duncan and Jonny Holbeck (1973) *Innovations and Organizations*, New York: John Wiley and Sons.

Zollo, M. and S. Winter (2002) Deliberate Learning and the Evolution of Dynamic Capabilities, *Organization Science*, 13, 3, 339-351

Figure 1 The Capabilities Framework