

Exploring Relationships between Family Firms' Market Orientation and Innovation – Proposition of a Conceptual Framework

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Abstract

This conceptual paper using dynamic capability theory in the context of small family firms aiming to provide insights in the market orientation – innovation relationship. The research paper synthesises existing findings from the existing literature on the streams of strategy, marketing and family firms and proposes integrated theoretical framework comprising market orientation, potential absorptive capacity, realised absorptive capacity, explorative and exploitation innovation. Furthermore, it addresses existing research questions on the links among constructs and proposes several relationships that may advance current knowledge of organisational innovation. Through this theoretical model, this research article initiates the process of empirical examination of innovation process of small family firms. The dynamic capability theory adopted here provide managers with the knowledge on market orientation – innovation process relationship as well as dimensions of absorptive capacity that are important for initiating and successful adoption of innovation process. This research paper also fulfils the identified gap in the literature, as it is the first that brings together and applies research findings from the strategy and marketing literature in small firms' context and proposes an integrated approach to understand market orientation – innovation relationship.

Keywords: Market orientation; Innovation; Family firms; Absorptive capacity; Dynamic capability theory