Do different environments influence the proactive absorption of market-oriented knowledge and innovation performance on the firm level?

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Abstract

Developing innovations is essential for firms’ survival and success. Therefore, firms need to pursue market knowledge as well as technology knowledge as both knowledge types are the foundations of innovation. However, despite indicating the relevance of market and technology knowledge, firms may lose their innovation capability if they focus too much on market knowledge or technology knowledge. Because, firms focusing solely on market knowledge may overlook technological opportunities. Conversely firms just focusing on technological knowledge might miss customer needs. In this study, we propose that proactive market orientation motivates firms to absorb external technological knowledge and makes such absorption purposeful, because it determines which technological knowledge is valuable. Our empirical study shows that the effect of proactive market orientation on innovation performance is carried by the exploration, acquisition, transformation, and exploitation (i.e., ACAP) of technological knowledge. These mediating effects vary with the level of environmental turbulence.
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