

ABSTRACT

Despite the implication of organizational resources and the resource-based view of the firm, the market orientation literature has not examined associated constructs. Additionally, while it is recognized that emerging economies (e.g., India) are key drivers of economic growth, this literature has not paid sufficient attention to such markets, with few exceptions. We examine the impact of proactive market orientation on innovation capability, and performance in a sample of predominantly service firms, in a culture characterized by high power distance and low uncertainty avoidance. We contribute by conceptualizing and demonstrating the moderating impact of intrafirm causal ambiguity, drawn from resource-based theories of the firm. Based on Structural Equation Modelling analysis of responses to a survey of marketing managers, we find that intra-firm causal ambiguity moderates the proactive market orientation-innovation capability relationship, while this strategic orientation is linked to business performance through innovation. We discuss these findings, limitations, implications, and directions for future research.