Publication date: Available online 20 April 2017
Source: Long Range Planning
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We draw on the emerging literature on the micro-foundation of capability development to investigate the effects of the relative importance of corporate sustainability in a firm's organizational cognitive frame on the development of distinct organizational capabilities. Based on survey data from 124 Danish manufacturing firms and seven interviews, we find that the relative importance of corporate sustainability in a firm's organizational cognitive frame positively encourages the development of three organizational capabilities, namely, stakeholder integration, market sensing, and organizational learning. However, contrary to our expectation and reasoning, we find that the development of the strategic planning capability is negatively affected. Our findings provide novel empirical evidence and contribute to an improved understanding of the effect of a firm's organizational cognitive frame on the development of organizational capabilities.

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