

PALGRAVE STUDIES IN
CROSS-DISCIPLINARY
BUSINESS RESEARCH,
IN ASSOCIATION WITH
EUROMED ACADEMY
OF BUSINESS

Innovation and Capacity Building

Cross-disciplinary Management Theories
for Practical Applications

Edited by Demetris Vrontis, Yaakov Weber, Alkis Thrassou,
S. M. Riad Shams and Evangelos Tsoukatos



Palgrave Studies in Cross-disciplinary Business
Research, In Association with EuroMed
Academy of Business

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1

Editorial Introduction

Alkis Thrassou, Demetris Vrontis, Yaakov Weber,
S. M. Riad Shams, and Evangelos Tsoukatos

1 About the Book

Contemporary organisations, from across the typological and geographic spectrum, are increasingly pressured to survive and grow in an incessantly changing business context, one characterised by the constant shape-shifting

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of the industry and market forces.¹ At the same time, conventional, time-honoured strategies and tactics are proving less and less efficient in providing the means or the ends to the task at hand. Consequently—and irreversibly—businesses are progressively questioning conventional theories and practices and are seeking to adopt innovative means to innovative ends, with innovation and capacity building being targeted within multiple modes and contexts.

It is the scale of the change that in practice constitutes a revolution for business management as we have come to know it, though it also represents a barrier to overcome for many. This is because it brings new notions, processes, attitudes, concepts and systems that experientially and/or instinctively bring about successful innovation and novelty. Positive results have been marked in varied organisational aspects of management and marketing, but, more importantly, less through focused and specific interventions, and more through comprehensive and holistic organisational redesign. Practitioners naturally initiated the shift towards this new order of things; inescapably, scholars and researchers were quick to notice and pick up on these trends towards innovation and strategic reorientation. Works have begun to be published in this domain and there is a noticeable effort across academia to descriptively comprehend and/or prescriptively adapt organisations to the evolving business context.

This first volume of the series *Palgrave Studies in Cross-Disciplinary Business Research, In Association with EuroMed Academy of Business* has thus been entitled *Innovation and Capacity Building—Cross-Disciplinary Management Theories for Practical Applications*. This was purposefully chosen, in the vein of the above context, aiming to bring together different works of various types and foci; these, in their own individual way, touch upon the subject of innovation and change, and describe or prescribe actions that pave a way ahead for the relevant industries. The book puts forward strategic propositions and paradigms that are innovative and mesh with the trending conditions of business, presenting a good mix of empirical and conceptual works that represent a balanced array of disciplinary, geographic and typological foci. The chapters collectively reflect contemporary business management philosophy, attitude and practice; they provide direction and/or food for thought for international consideration, development and application, both for scholars and practitioners

alike. Neuromarketing, family firm entrepreneurship, emerging market corporate social responsibility, creativity, motivational leadership, development assistance, knowledge streams, customer data ethics, nation branding, career development, science parks, mergers and acquisitions, and control, are all presented in the context of innovation and capacity building in the modern-day business world.

Ultimately, and moving beyond the strict confines of the chapters' foci, this collection of works implicitly defines an organisational philosophy that incorporates functionality but transcends it to embrace business notions pertaining to the wider contextual transformations imposed by the combination of macro-environmental developments. On this note, the following section presents in summary the chapters of the book, along with their purpose and place in the collection.

2 Book Structure and Topics

The book continues with Chap. 2 by Barbasso, Tardivo, Viassone and Serravalle entitled “Neuromarketing in customer behaviour—Customers’ diencephalic and midbrain implications in purchase dynamics”. The specific topic reflects scientific developments in the field of business and a key innovation with practical implications for marketing and consumer understanding. Specifically, in the light of the limitations that traditional methods of marketing have, particularly related to the degree of subjectivity of consumer responses, which often prevents measurement of the effects of marketing communication on them, this chapter highlights the influence that neuromarketing has on the understanding of consumers’ decisions, allowing managers to directly understand the latter’s thoughts, emotions and intentions. The chapter describes the concept of neuromarketing and the associated effects of advertising on brain activity, and further investigates the subject to identify and highlight the positive effects of neuromarketing on the measurement of consumer behaviour, and to provide its important theoretical and managerial implications.

In the innovation context of this book, Chap. 3 investigates “The role of dynamic entrepreneurial capabilities and innovation in intergenerational succession of family firms”. Authored by Karagouni, this chapter

provides a different perspective on innovation and capacity building; in particular, it presents and discusses the role of dynamic entrepreneurial capabilities in family-business succession and the need to support and enhance innovation and competitiveness across family generations. The chapter further shows that a firm's innovation capabilities' depend closely on knowledge, elevating the latter to a key resource for sustained competitive advantage. Through case studies from Greece and Cyprus, the chapter focuses more specifically on the subjects of succession and innovation, as critical to family business survival (such businesses often fail beyond the second and third generations). Innovation-based dynamic entrepreneurial capabilities are conclusively found to contribute to the widening of successors' knowledge base, to the positive realisation of succession and to family firms' defiance of the ominous mortality rates towards not simply survival but growth.

Chapter 4 moves us to the other end of the typographic and geographic spectrum, and from small family firms in south Europe to banking corporations in rural Peru. Specifically, del Brío and Lizaraburu present "Corporate social responsibility and corporate reputation in emerging countries: an analysis of the Peruvian banking sector". They evaluate the influence of corporate social responsibility on the reputation of a corporation from a strategic point of view, thus filling a knowledge gap for this topic with respect to the banking sector in emerging countries. Utilising a survey-based statistical analysis, they assessed the perspectives of key executives from Peruvian rural banks towards corporate social responsibility activity, the latter's influence on corporate reputation, and its implications for this rising form of business attitude and process.

Chapter 5 focuses on the innovation component of creativity and its link to motivational leadership and styles. Thrassou, Orfanos and Tsoukatos, in "Linking motivational leadership with creativity", stipulate the principles of motivation and creativity as constituting key parameters of successful management and as contributing significantly to productivity and efficiency. Their work extensively combines primary qualitative with quantitative data to investigate the subjects of motivation and creativity in the workplace, and particularly in the context of leadership styles and hierarchy. Their findings show that once both leadership and employees are motivated to the degree that they achieve job satisfaction,

employees naturally become more creative. The research validates mainstream theoretical arguments documenting the effectiveness of leadership and hierarchy in motivating employee creativity, and also suggests resulting practical implications.

Repousis and Lois in Chap. 6 study “Innovation performance and development assistance and growth in four East European member states”. In particular, they examine the impact of international development assistance on economic growth in the European Union member states of Croatia, Estonia, Lithuania and Slovenia; these countries fall into two different innovation performance groups, for a period of 16 years (1995–2010), as can be seen by imposing a behavioural equation of flows (not an accounting identity). The authors’ findings show that both international net official development assistance and official aid received, as well as net bilateral aid flows from Development Assistance Committee donors, have no statistically significant effect on gross domestic savings in two different innovation performance groups. In four European Union member states with different innovation performance, only per capita gross domestic product is statistically significant. The results are also consistent with the notion that foreign aid transfers can distort individual incentives.

Chapter 7, by Vrontis, El Nemar, Al Osta and Azizi, focuses on the “Impact of innovation and change management on employees’ performance”. They term the former “core concepts” in strategic and leadership management, seeing openness in innovation and continuous change in organisational dynamics as important factors in determining organisational effectiveness. Linking innovation with change, they study the impact of these on the performance of employees working in the health sector in northern Lebanon. Through theoretical and primary quantitative research, they connect change communication (representing organisational dynamics), employee satisfaction with change, and employees’ perceptions of innovation management to identify a positive impact on employee performance.

Shams, in Chap. 8, follows an inductive constructivist approach to study “The evolution of marketing as an innovative knowledge stream: the evolving role of stakeholder causal scope”. He discusses the evolution of marketing as a field of practice and an academic discipline, the differ-

ent eras of its evolution, and relevant market and competitive factors to reinforce our understanding of the advances of marketing dynamics that extend competitive advantage and ensure business sustainability. His findings illustrate six eras in the evolution of marketing, recommending an analysis of the causes and consequences of stakeholder relationships and interactions as a stakeholder causal scope of strategic market/stakeholder orientation, and as an alternative approach to building capacity in dealing with contemporary competitive markets, with an aim to prolong competitive advantage.

Chapter 9, by Themistocleous, presents the topic of “Customer data: contemporary issues of privacy and trust”. Starting with the well-established premise that customer information is essential for the survivability of organisations, he notes that past practices revolved around the acquisition and use of customer information without consent, which is a matter currently being tackled by data protection initiatives in the UK, Central Europe and the USA. He thereafter recognises, as imperative to the process of sustainable development and capacity building, the understanding of how customers perceive privacy, as well as the factors that can alleviate disclosure concerns through reciprocal information exchanges and the instilling of trust. These key areas are examined in this chapter consequent to their potential for streamlining sustainably the delicate process of the accumulation, use and sharing of customer information in the new order of things in business.

The following chapter (Chap. 10) touches upon a challenging and intricate subject: “Contemporary nation branding under complex political conditions: the case of Palestine”. Focusing on the nation branding of Palestine, Abdalmajid and Papasolomou build on an extensive review of the literature on nation branding, presenting existing nation branding models, identifying the key factors that contribute to the development of a national brand, and uncovering gaps in the existing literature. Their theoretical analysis develops the foundations of a conceptual framework for building the national brand of Palestine, a state characterised by controversy and political instability. Their proposed preliminary conceptual framework combines elements from the models of Anholt (2000), Dinnie (2008) and Hankinson (2004) (see Chap. 10) into a unified and holistic

model that highlights the importance of government in ensuring that the entire branding process is guided by a strategic outlook reflective of the country's vision.

Özek and Ferraris investigate “The role of self-awareness and self-efficacy on career decision-making” through an innovative perspective (Chap. 11). Their chapter contributes to the literature by identifying and underlining the relevance of self-awareness and self-efficacy to career decision-making. Both are found to be important for individual growth and can lead the individual to maximise his/her own potential. The authors place their work in the context of the present fast-changing business context and the need for organisations to discover, develop and utilise their employees' individual potential towards capacity building. Starting from this point, the chapter considers the relevance of these two factors to the individual in order to develop a specifically conscious attitude towards career decision-making. Moreover, the chapter proposes a preliminary empirical analysis based on data from 291 students of a Turkish and an Italian university.

Kriemadis focuses on “Innovation, creativity, new product development processes and the role of science parks”. Chapter 12 describes the role of science parks in the encouragement and stimulation of critical business processes, including innovation management, creativity and new product/service development processes. The chapter investigates the cooperation between higher education institutions and companies located in science parks, towards the facilitation of the transfer of knowledge, technology and people (researchers and managerial staff), as well as of the design, testing and launching of new products, the realisation of joint research activities and the commercialisation of university research ideas. The chapter argues that in future science parks should integrate innovations into their management systems, such as the implementation of systems and processes adjoining contemporary versions of total quality management systems, the Deming management method and the Six Sigma, in order to deal with the changing needs of the knowledge economy.

Chapter 13, by Weber, presents “Managerial biases in mergers and acquisitions”. He notes that although scholars have advanced the impor-

tance of the learning perspective on cultural integration in mergers and acquisitions, the conflicting results in the relevant research requires a systematic approach to understand the learning mechanisms underlying these. The chapter thus examines managerial bias tendencies in mergers and acquisitions and explores whether perceptions of success increase the tendency to attribute this to management action, and whether experience of failure leads to increasing attributions to cultural differences. Finally, it provides ideas for future research and practical implications for managers.

The final chapter, Chap. 14, is authored by Saunila and Mäkimattila and is entitled “A dynamic learning perspective on innovation control: balancing freedom and constraint”. The authors build on recent research which has highlighted innovation as a dynamic, cyclical and continuous process tied to multiple levels within organisations. Their chapter approaches the control of innovation from a dialectic perspective by presenting practical managerial solutions to combine individual, team and organisational elements for the purpose of controlling resources with flexible, self-organising processes. The study reveals that diverse phases of the innovation that proceed as a multilevel process have distinct demands with respect to innovation control. The authors suggest that the early phase should be supported by indirect control mechanisms and idea development guided in a free and supportive manner; the concept phase should be effected by the organisation seeking multiple options and the shared defined goal; and the project development phase should have direct mechanisms for the control of execution and resources.

Notes

1. All references pertaining to the subjects of the changing business environment and the corresponding shifts in business philosophy, theory and practice have been explicitly or implicitly drawn from the works of Chebbi et al. (2013, 2015, 2017), Rossi et al. (2014), Thrassou et al. (2014, 2018) and Vrontis et al. (2017).

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2

Neuromarketing in Customer Behaviour—Customers' Diencephalic and Mid-Brain Implications in Purchase Dynamics

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1 Introduction

The capacity to evoke an emotional answer through an advertisement or another communication instrument is one of the main aims of marketing. However, it is not easy to measure or quantify emotions. This problem has led marketing scholars to elaborate new models of utility and individual rationality (Tornati 2012).

Normally, the routine of a purchase in a customer's mind starts from a need for a product and arises as *think-perceive-buy/don't buy*. However,

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